

# SCHEDULE A

## FINAL ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF MADIBENG LOCAL MUNICIPALITY 2016/17 TO 2018/19



FINAL ANNUAL BUDGET OF

# **MADIBENG LOCAL MUNICIPALITY**

## **NW 372**

2016/17 TO 2018/19  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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- All public libraries within the municipality
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## Table of Contents

PART 1 – ANNUAL BUDGET .....	1
1.1 EXECUTIVE MAYOR’S REPORT .....	1
1.2 FINAL COUNCIL RESOLUTIONS .....	9
1.3 EXECUTIVE SUMMARY .....	9
1.4 OPERATING REVENUE FRAMEWORK .....	11
1.5 OPERATING EXPENDITURE FRAMEWORK .....	19
1.6 CAPITAL EXPENDITURE .....	23
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY .....	24
2 .....	36
3 PART 2 – SUPPORTING DOCUMENTATION .....	36
3.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	36
3.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	38
3.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS .....	43
3.4 OVERVIEW OF BUDGET RELATED-POLICIES .....	49
3.5 OVERVIEW OF BUDGET ASSUMPTIONS .....	51
3.6 OVERVIEW OF BUDGET FUNDING .....	53
3.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS .....	60
3.8 COUNCILLOR AND EMPLOYEE BENEFITS .....	62
3.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW .....	65
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS .....	72
2.12 CAPITAL EXPENDITURE DETAILS .....	72
2.13 LEGISLATION COMPLIANCE STATUS .....	79
2.14 OTHER SUPPORTING DOCUMENTS .....	81
2.15 MUNICIPAL MANAGER’S QUALITY CERTIFICATE .....	85

## Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DBSA	Development Bank of South Africa	NERSA	National Electricity Regulator South Africa
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
DWA	Department of Water Affairs	NKPIs	National Key Performance Indicators
EE	Employment Equity	OHS	Occupational Health and Safety
EEDSM	Energy Efficiency Demand Side Management	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Plan	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
Kl	kilolitre	SAPS	South African Police Service
Km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
KWh	kilowatt		
l	litre		

## Part 1 – Annual Budget

### 1.1 Executive Mayor’s Report

2016/2017 Medium Term Expenditure Frame-work Statement, presented at Ordinary Council sitting of Madibeng Local Municipality (31 May 2016), by Her Worship- Honourable Councillor Jostina Mantina Mothibe.

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**MADAM SPEAKER- COUNCILLOR TSHIDI MANGOATHE**

**MAGOSI A A TLOTLEGANG**

**BOETAPELE BA DIKEREKE**

**KEMEDI YA MAFAPHA A PUSO**

**LEADERS IN THE BUSSINES FRATERNITY**

**SINGLE WHIP OF COUNCIL-COUNCILLOR SIMON KLAS**

**MEMBERS OF THE MAYORAL COMMITTEE**

**CHAIRPERSON OF MPAC-NTATE PETER MAKGABO**

**FELLOW COUNCILLORS**

**ACTING MUNICIPAL MANAGER- MR ENERGY MANAKA**

**DIRECTORS AND OFFICIALS**

#### **I GREET YOU ALL**

Madam Speaker, Colleagues’ and fellow Councilors, Acting Municipal Manager, today’s Council sitting comes at the time and period when Africa celebrates her identity, a historic period assessing the following questions; **“Who are We” and “Where do we Come from as Africans”?**. Madam Speaker, it is historical because Africa and Africans is confronted with a challenge to dissociate herself from an imposed identity. An identity riddled with lots of negativity by those who claim endowment of the highest wisdom in existence. It is during this historic period that we recall our most revered African orators and African leaders such as Kwame Nkurumah, Patrice Lubumba, Kenneth Kaunda, Kamuzu Banda, Samora Machel, Mahatma Ghandhi and our locally based struggle icons, Nelson Mandela, Steve Biko, and those Kings and Chiefs Bo- Kgosi Makhado, Kgosi CCetshwayo, Kgosi Sekhukhuni, Kgosi Shaka Zulu- who

have made great efforts to redefine the real African identity against the one attached to us like when parents name their own children. At the epicenter of these leaders and great nationalists, all wanted and dreamt of an Africa giant in economic, political and military as united and powerful.

We need to liberate ourselves from the indictment of not knowing our real us, that we must do through liberating our minds as was said by one great son of the soil, Steve Bantubonke Biko, when he said, "**The greatest weapon in the hands of the oppressor, is the mind of the oppressed**".

Hon, Speaker, this collective of public representatives, and its executive needs to agree that the mind is the strongest weapon to fully liberate our communities to ensure full dignity restoration to our people doing so through innovative programs. In this regard, giving practicality to the Premier's new socialization ten (10) Campaign Plan, in relation to point one (1), the "Obesity Awareness campaign", we need to actively engage our communities including ourselves in programs intended to activate our minds so as to create active minded citizens.

Madam, Speaker, I am reliably informed that, in many of our communities, we have exercising programs initiated by some Councilors and residents, in the main, such programs are directed to benefit senior citizens. In this regard, we must find a way of adopting these programs so that they grow to be acclaimed by young and old, to realize the notion, "**A healthy mind resides in a healthy body**".

Madam Speaker, in the culmination of May Africa month, we need to take queue from above developments, begin a trajectory of redefining ourselves as Madibeng Local Municipality. We need to fight in creating our own identity as a Municipality, an identity which must stand the test of time, doing so following in the philosophy injected by the Premier of the North West and Chairperson of the African National Congress Bokoni Bophrima, Motlotlegi Supra Obakeng Ramoeletsi Mahumapelo in his "Rebranding, Repositioning and Renewal" ideology, in order advance an identity which will be forever celebrated as a legacy by our progenies.

Acting Municipal Manager and your bureaucratic corps, we are elated that when we look back, Madibeng Local Municipality is different from the municipality of 2011, when the current collective of Councilors was sworn in to serve its people. It has been a period dominated with great experience, some lessons to be learned, challenges that have made us strong and more formidable a force. But most importantly, it has been a period of consolidation towards building better communities, providing a more value-oriented public service and management, and moving away from being a descriptive municipality to process, procedure public administration.

Hon, Speaker, we must speak about the good things we have done and our achievements, failing to do so, we strengthen adversaries who continue to preach that we have done nothing to change the plight of our people.

**Colleagues, when His Excellency President Jacob Zuma, opened the July 2013 NEC Lekgotla he said, “It is important for us to keep the achievement we have scored high up on the agenda, We will not move forward if we start believing the propaganda that the ANC government has not achieved anything in 19 years or even the past four years”.**

Acting Municipal Manager, these things need to be said because; our municipality has paged an important chapter of mastering the art of legislative compliance in terms of municipal reporting as a requirement by National Treasury, financial accountability, and the art of good governance.

Colleagues, in doing so, we are still mindful of challenges that still confront our municipality especially with regards to resilient unemployment, poverty, uneven distribution of resources, pockets of social ills such as racial incoherence, crime, geographical and historical stagnation with regards to a Brits-Hartebeespoortdam depicting segregatory features such as streets and some buildings, we need a paradigm shift that will work towards building a more socially coherent and livable municipality. These will be done in advancement of RRR philosophy of the North West Provincial government through the principle of inter-governmental relations.

Colleagues, current trend and its implications in public service are so extensive and have resulted in the emergence of the concept of governance. This development has created a requirement that the state can no longer do things alone, it imposes that in everything which we do, other role players such as communities, community based organizations, Magosi, faith based movements, the private sector, with all of them we must form a social contract and hold hands to bring meaningful changes in the lives of our people.

**“KGETSI YA TSIE E KGONNWA KE GO TSHWARAGANELWA”, ONS MOET SAAMTREK**” in pursuit and advancement of the North West philosophy, of bringing everyone on board in developing our Municipality.

Madam Speaker, in response to our developmental responsibilities echoed in chapter 7 of the Constitution of the Republic of South Africa, we have undertaken a rigorous exercise necessarily so that our budget continues to be community informed and community driven. It is in that spirit that we pride ourselves that, this 2016/2017 MTERF budget responds to expressions openly made by our communities. We also engaged robustly with stakeholders in the presence of sector departments so that we align properly and create necessary synergy in expression of inter-governmental relations and cooperative governance.

There is a saying that, “If want to run fast, go alone, but if want to go far, go together”.

**“DIE BEGROTING IS OPGESTEL IN SAAM WERKING MET DIE GEMEENTSKAP”**

Colleagues, this 2016/2017 budget, attests to the fact that, as a developmental local government, three fundamentals confirm the following about our municipality;

- **Madibeng Local Municipality is a stable public service,**
- **Madibeng Local Municipality is a well established government and that**
- **Madibeng Local Municipality has clear developmental goals which are informed, aligned and implementable.**

Acting Municipal Manager, in compiling this 2016/2017 Medium Term Revenue Expenditure Framework budget, collectively, we have been mindful of National socio-economic dynamics and perspectives informed by, **Macro-Economic Performance and Projections, Gross Domestic Product, Consumer Price Index and Inflation forecast, and other related factors**, which guide the development of a practical and feasible budget. These factors also inform us in planning processes so that whatever we intend to do as Council, is within legislative framework and remains objective and achievable.

The National Treasury during its Budget outline has introduced vast range of cost cutting measures across government spheres for implementation and consideration.

Accounting Officer, in line with the above national policy guide our 2016/2017 MTEF budget will drastically reduce line items that are not critical and do not impact directly towards rendition of sustainable services to the people. We shall be doing so, in order to emphasize on effective, economic and efficient government, since our communities remain our primary preoccupation, and them being our primary beneficiaries, we need to display responsibility and accountability in how we use public resources availed for sole purpose of socio-economic development and nothing else.

Madam Speaker, my guess is that, many of us ask the question,

**“Why is there comparatively and continuous decrease with the current 2016/2017 Capital Expenditure Budget?**

The fact that this question also reverberates in minds of Brits industrialists forum and other interested parties who directly contribute to municipal revenue, it would be prudent to share some light with you, so that together we are able to clarify such confusion in the public domain.

Madam Speaker, allow me to clarify above question as follows;

- **Firstly it needs to be highlighted that allocation in terms DORA on MIG is the national competence and prerogative, and it is informed by applications of capital projects received from municipalities,**



- **Secondly, 2016/2017 MTEF budget does not include internal funded projects,**
- **Thirdly, some water projects are directly implemented externally and such funds budget do not reflect in this 2016/2017 METF budget, e.g. some projects currently are being implemented by Magalies on behalf of the municipality.**
- **Fourthly, Municipal Systems Improvement Grant, is no longer included, which use to in the range of R950,000,**
- **Fifth, there is reduction of Water and Sanitation grants,**

Hon Speaker, these factors, contributed immensely in the “reduced” Capex allocation and our communities must be informed so that we demystify distortions that the municipality is on the brink of collapse.

Colleagues, I must emphasize though, that numerical differences are not material, and naturally will not impact negatively to service delivery.

Acting Municipal Manager, it is my honest view that, in the past months; we have demonstrated our ability to effectively manage our Credit Controls. This aspect requires dedication so that at no point we are caught napping and fail to honor our financial obligations. This budget forecast must help sharpen our financial management skills so that we remain proactive at all times.

Madam Speaker, we are elated to learn that MIG will also be utilized for repairs and refurbishment of aged infrastructure. This comes handy looking at the degeneration and age of our water and sanitation system which in most times handicaps the municipality to effectively service our people. It is without doubt, that most of the past service delivery protest marches were as a result of poor state of infrastructure which deterred and hindered us from making substantial progress in water and sanitation services.

Madam Speaker, in our tariff setting, we have been equally mindful of the following factors;

- That the economy worldwide has not been performing as expected,
- Secondly, many of our people are without jobs, and that inflation is in the rise according to South African Reserve Bank,

Acting Accounting Officer, the main influencer of our tariff setting has been affordability of consumers. In respect of these factors, we were able to set our tariff increase between 6,6% and 7.6% respectively.

Colleagues, the fact that services must be maintained to the required level and standard, whilst looking at the replacements of some physical assets to be done, we are literally compelled to put more efforts in the

revenue generation strategies of the municipality. I urge all of us politicians and administrators alike, to pay more attention towards non-payment of services which has become an ailment. Our programmes must include this key component of building a responsible citizenry who understand that payment of services is a central feature of Democracy and Freedom.

Hon, Speaker, on 26<sup>th</sup> February 2016 during the state of the province address delivered by Premier of the North West, Honorable Supra Obakeng Ramomoeletsi Mahumapelo at Tlokwe, he outlined 10 (Ten) points campaign, and spoke with passion about, “Rates and Taxes Payment Campaign”, he said,

**“FEED will work together with municipalities and other government departments to encourage all residents to start paying for all rates, taxes and services provided by municipalities with effect from 1<sup>st</sup> April 2016. Municipalities will be encouraged to enter into creative and affordable negotiations on the settlement of all prior years outstanding debts”.**

The question of non-payment of services cannot be left unattended it requires collective initiatives and progressive partnerships.

Madam Speaker and Colleagues, we are in the process to consolidate a new public service in transition from a segregated system to a more inclusive democratic public service. In this regard, the municipality must expand on public infrastructure investment, remain accountable for our actions and inactions, and provide services that are qualitative. I am confident that with this budget we can go a long way.

Allow me to remind you, that since the date for 2016 local elections have already been proclaimed by the Minister of Local Government on 23<sup>rd</sup> May 2016, this Council sitting is effectively the last convergence of Madibeng Local Municipality Council, I want to take this opportunity to thank all Councilors who have been part of the collective that kept the light of the Municipality rekindled, who have ensured that we remain focused and do not lose touch with real issues affecting our communities, that we fought side by side in making sure that our communities stay informed, are actively engaged on issues affecting the municipality, and that we “Build a Contract” with every sector in pursuit of national and provincial developmental objectives.

As you will be campaigning for your respective political parties, be mindful of the fact that we remain “BANA BA MPA”.

Madam Speaker, despite the fact that some of us may not return as public representatives, there is a role we are going to play in our respective communities. Our role as leaders does not cease instead, it is more sharpened to be utilised in building our communities.

**Hon, Speaker, as I conclude, allow me to showcase highlights of the 2016/2017 MTREF budget;**

Capital Programme	Budget Allocation	Beneficiary Community/Ward(s)
Roads	R121 million	<ul style="list-style-type: none"> <li>✓ Fafung and Rasai (R20m)</li> <li>✓ Rakotea (R10,5m)</li> <li>✓ 8 Clusters- almost All wards (R69m)</li> </ul>
Electricity	R13,3 million	<ul style="list-style-type: none"> <li>✓ Sunway electrification.</li> </ul>
High mast lights	R1million	<ul style="list-style-type: none"> <li>▪ Ward 15</li> </ul>
Water and Sanitation	R74,3 million	<ul style="list-style-type: none"> <li>✓ Hebron,Kgabalatsane,Rockville,Itsoseng (R55,3 million)</li> <li>✓ Klipgat Extension (R10million)</li> <li>✓ R9 million other water programmes.</li> </ul>

**“BANA BA MOTHO BA KGAOGANYA TLHOGWANA YA TSIE”.**

Madam Speaker, for us to remain relevant towards objects of local government articulated in section 152 of the Constitution of the Republic of South Africa, furthermore, in the advancement of concrete number one (1) namely; **ACT** (Agriculture, Culture and Tourism), which emanates from the five (5) North West concretes, R14 million is set aside for the upgrade of Brits Bus and Taxi Rank.

Madam Speaker, improvement in the transport network and mobility in Brits town, enhances economic investment and opportunities for our people, as such; Bus and Taxi rank upgrade program will averteadly contribute to the 5 Cities Projects Implementation Plan vision espoused in line with the Premier’s vision to create Haartebeespoortdam City.

**“KORWE GA KE JE, KE PABAPALELA TSETSE”.**

Therefore, MADAM SPEAKER, It is our role to maximize benefits to the youth through all these infrastructure investment programmes.

**“KGAKA-KGOLO GA KE NA MEBALA, MEBALA E BONWA DIKGAKANENG”.**

Madam Speaker, Accounting Officer, Single Whip and Chief Whip of Majority party, fellow Councilors, Officials, please allow me to present the 2016/2017 MTREF budget for adoption by this Council sitting.

I recommend that the Council approves and adopts the following resolutions:

That:

1. The Madibeng Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The final annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
  - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
  - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
  - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 1.2.1. Budgeted Financial Position A6;
  - 1.2.2. Budgeted Cash Flows as contained in Table A7;
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation A8;
  - 1.2.4. Asset management as contained in Table A9; and
  - 1.2.5. Basic service delivery measurement as contained in Table A10;
2. The Council Madibeng Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:
  - 2.1. the tariffs for property rates
  - 2.2. the tariffs for the supply of water
  - 2.3. the tariffs for the supply of electricity
  - 2.4. the tariffs for sanitation services
  - 2.5. the tariffs for solid waste services
  - 2.6. the revised budget related policies
3. The Madibeng Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services,
4. To give proper effect to the municipality's annual budget, the Madibeng Local Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations
  - 4.2. That the salaries for officials be adjusted with effect from 1<sup>st</sup> July 2016 based on the percentage as approved by the South African Local Government Bargaining Council (Excluding Section 57 Managers).
  - 4.3. That the salary packages of the Municipal Manager and Section 56 managers be adjusted with the same percentage as that of the officials with effect from 1 July 2016.
  - 4.4. That the salaries and allowances of councillors be adjusted with the percentage approved by the Minister for Cooperative Governance and Traditional Affairs in terms of the Remuneration of Public Office Bearers Act, 1998 after concurrence of the responsible MEC have been obtained.
  - 4.5. That the amendments to the Budget related policies be approved as discussed in paragraph 2.4 and indicated in the policy documents hereto attached.
  - 4.6. That the Medium Term Revenue and Expenditure Framework for the period 2016/17 to 2018/19 be submitted to the National and Provincial Treasuries and also be made available for public comments as required by MFMA.

## 1.2 Final Council Resolutions ( A.0907)

### RESOLVED

1. That cognisance be taken:
  - 1.1. of the contents of the report;
  - 1.2. **ANNEXURE A**, the 2016/2017 Budget book;
  - 1.3. **ANNEXURE B**, the 2016/2017 tariffs; and
  - 1.4. **ANNEXURE C**, the 2016/2017 Budget related policies;
2. That Council approves the Final budget for 2016/17 MTREF as contained in **ANNEXURE A**, approved for implementation 01 July 2016.
3. That the schedule of Proposed Tariffs (**ANNEXURE B**) hereto presented as the supporting documents of budget be approved for implementation 01 July 2016.
4. That the Medium Term Revenue and Expenditure Framework for the period 2016/17 to 2018/19 be submitted to the National and Provincial Treasuries as required by MFMA.

## 1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The 2015/16 revised budget focussed on saving measures, reprioritising of projects.

National Treasury's MFMA Circulars No. 51, 54, 55, 58, 59, 66, 67, 70, 71, 72, 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, electricity, roads and community infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from water suppliers and Eskom), which is placing upward pressure on service tariffs to residents.

Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;

- Wage increases for municipal employees that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the 2016/17 to 2018/2017 MTREF:

- The 2015/16 Budget priorities and targets, as well as the base line allocations contained in that Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:
  - 2015/16 Financial Year – 7 per cent
  - 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
  - 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per centMunicipalities are advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.
- The proposed tariff increases from various sector departments were also considered.
  - NERSA approval on municipal electricity tariffs of 7.86% per cent;
  - Rand-Water tariff increase and;
  - City of Tshwane Tariff increase.
- Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance.
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Heads of departments as well as political offices should exercise strict control over the under mentioned expenditure:
  - Special Projects;
  - Consultant Fees;
  - Special Events;
  - Refreshments and entertainment;

- Ad-hoc travelling;
- Subsistence, Travelling & Conference fees (national & international) and
- Telephone expenses.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

**Table 1: Consolidated Overview of the 2016/2017-2018/2019 Budget**

Description	Approved Budget 2015/2016	Adjustment Budget 2015/2016	Budget Year 1 2016/2017	Budget Year +1 2017/2018	Budget Year +2 2018/2019
	R,000	R,000	R,000	R,000	R,000
Operating Revenue	1 512 326	1 512 326	1 594 000	1 729 402	1 859 422
Operating Expenditure	1 512 169	1 512 169	1 582 851	1 726 869	1 855 369
<b>Surplus/(Deficit)</b>	<b>157</b>	<b>157</b>	<b>11 149</b>	<b>2 533</b>	<b>4 052</b>
Capital Expenditure	292 461	319 139	255 211	274 393	291 021
<b>TOTAL BUDGET</b>	<b>1 804 630</b>	<b>1 831 308</b>	<b>1 838 062</b>	<b>2 001 262</b>	<b>2 146 390</b>

The proposed budget of Madibeng Local municipality for the 2016/17 financial year totals R 1.8 billion, comprising of R 1.57 billion Operating Expenditure and R255.2 million for Capital expenditure. The total budget has grown by R23.5 million or 1% when compared with the 2015/16 Approved Budget. The growth is due to the increase in National and Provincial allocation from 2015/16 financial year and tariff increase on service charges.

The projected total Budget for the 2017/18 financial year is estimated at R1.97 billion, comprising of R1.7 billion for Operating Expenditure and R274.3 million for Capital Expenditure. The total projected Budget for the 2018/19 financial year is estimated at R2.1 billion, comprising of R1.8 billion for Operating Expenditure and R291 million for Capital Expenditure.

The Operating Revenue Budget has grown by R61 million or 4% when compared both the 2015/16 Adjustment Budget and the 2015/16 Approved Budget. The Operating Revenue is slightly increasing over the Medium Term Period.

The Operating Expenditure Budget has grown by R60 million or 4% when compared with both the 2015/16 Adjustment Budget and the 2015/16 Approved Budget. For the two outer years, Operating Expenditure is slightly increasing over the Medium Term Period

The Capital Expenditure Budget has decreased by R63.9 million to R255.2 when compared with the 2015/16 Adjustment Capital Budget and by R37.2 million compared with the 2015/16 Approved Capital Budget. For the two outer years, Capital Budget is appropriated at R274.3 million and R293.7 million respectively.

## 1.4 Operating Revenue Framework

For Madibeng Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices

have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;

Fiscal Year	2015	2016	2017	2018	2019
	Actual	Estimate		Forecast	
CPI Inflation	5.6%	5.5%	6.6%	6.2%	5.9%

- Growth in Madibeng and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

**Table 2: Proposed Tariff Increase Percentage**

Description	Approved Previous Year 2013/14	Approved Previous Year 2014/15	Approved Current Year 2015/16	MTREF		
				Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Property rates	5.6%	5.4%	0%	0%	6.2%	5.9%
Electricity	8%	8%	12.20%	7.64%	7.64%	7.64%
Water	18%	18%	13%	6.6%	6.2%	5.9%
Sewerage	18%	18%	13%	6.6%	6.2%	5.9%
Refuse Removal	5.6%	5.4%	4.8%	6.6%	6.2%	5.9%
Surcharges	5.6%	5.4%	4.8%	6.6%	6.2%	5.9%
Other services	5.6%	5.4%	4.8%	6.6%	6.2%	5.9%

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):



**Table 3 Summary of revenue classified by main revenue source**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	176 261	193 599	312 010	337 183	337 183	337 183	240 952	294 576	312 840	331 297
Service charges - electricity revenue	2	347 121	358 590	395 926	431 808	431 808	431 808	340 756	445 000	472 590	500 473
Service charges - water revenue	2	79 855	80 876	117 260	133 644	133 644	133 644	122 513	147 500	156 645	165 887
Service charges - sanitation revenue	2	21 064	22 986	30 703	26 213	26 213	26 213	28 958	35 000	37 170	39 363
Service charges - refuse revenue	2	27 334	30 079	30 273	27 351	27 351	27 351	22 114	30 000	31 860	33 740
Service charges - other					-	-	-	67	-	-	-
Rental of facilities and equipment		561	583	610	628	628	628	859	1 755	1 864	1 974
Interest earned - external investments		16 424	3 442	3 750	4 095	4 095	4 095	6 647	7 600	8 071	8 547
Interest earned - outstanding debtors		54 910	44 418	64 768	56 483	56 483	56 483	51 640	70 000	74 340	78 726
Fines		783	2 469	2 099	626	626	626	373	530	563	596
Licences and permits		4 642	4 555	5 438	7 335	7 335	7 335	2 094	3 400	3 611	3 824
Agency services		8 120	8 964	9 606	2 215	2 215	2 215	-	6 000	6 000	6 000
Transfers recognised - operational		276 033	310 910	369 770	468 393	468 393	468 393	440 998	515 319	584 215	647 023
Other revenue	2	36 467	16 254	15 194	27 472	27 472	27 472	11 686	37 320	39 634	41 972
Gains on disposal of PPE		-	763	-	-	-	-	-	-	-	-
<b>Total Revenue</b>		<b>1 049 574</b>	<b>1 078 487</b>	<b>1 357 406</b>	<b>1 523 446</b>	<b>1 523 446</b>	<b>1 523 446</b>	<b>1 269 658</b>	<b>1 594 000</b>	<b>1 729 402</b>	<b>1 859 422</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The collection rate for the past eight months billing against the receipts is 80% and provision for doubtful debts is 20%. The 2015/16 Operating Revenue projections take in to consideration the past eight month's performance and other revenue items had to be reduced on the basis of poor performance.

#### **Material variances 2015/16 and 2016/17 financial years:**

- The property rates budget has decrease by 14% from the 2015/16 Adjusted budget;
- Electricity increased by 3% from the 2015/16 Adjusted budget;
- Water increased by 9% from the 2015/16 Adjusted budget;
- Sanitation increased by 25% from the 2015/16 Adjusted budget;
- Refuse increased by 9% from the 2015/16 Adjusted budget;
- Interest earned- outstanding debtors increased by 19% from the 2015/16 Adjusted budget;
- Fines decreased by 18% from the 2015/16 Adjusted budget;
- Licences and permits decreased by 116% from the 2015/16 Adjusted budget;
- Agency fees increased by 63% from the 2015/16 Adjusted budget;
- Transfers and grants-operational increased by 9% from the 2015/16 Adjusted budget;
- Other revenue increased by 4% from the 2015/16 Adjusted budget;

## Transfers and Grants Allocation

Revenue from grant funding is set out in Division of Revenue Act (DORA) and the Provincial Gazette. The total transfers and grants allocation to the municipality is R770.3 million in the 2016/17 financial year. The allocation has decreased by R6 million or 1% from the 2015/16 adjusted transfers and grants allocation. The allocation for 2016/17 and 2017/18 amounts to R858.2 million and R940 million.

The total operating transfers and grants for the 2016/17 financial year amount to R515.3 million, R583.8 million and R646.3 million for the 2017/18 and 2018/19 financial years.

The infrastructure grant for the 2015/16 financial year is appropriated at R284.4 million. And the allocation for the two outer years is estimated at R284.2 million and R297.3 million respectively. Table 3 below gives a breakdown of the various Grants and subsidies allocated to the municipality over the medium term period.

**Table 4 Operating and Capital Transfers and Grant Receipts**

Description	Approved Budget 2015/16	Adjustment Budget 2015/16	YTD Recieved 2015/16	Proj Inc/Exp 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Equitable share	457 443	457 443	313 931	457 443	506 149	576 167	638 352
Financial Management Grant	1 600	1 600	1 600	1 600	1 625	1 700	1 955
Municipal System Improvement Grant	930	930	930	930	–	–	–
PMU Grant Operational(MIG)	6 000	6 000	6 000	6 000	6 000	6 000	6 000
Library NWPG C/Building Grant	400	400	400	400			
Expanded Public Works Programme	2 020	2 020	2 020	2 020	1 545		
<b>Total Operating Grants and Subsidies</b>	<b>468 393</b>	<b>468 393</b>	<b>324 881</b>	<b>468 393</b>	<b>515 319</b>	<b>583 867</b>	<b>646 307</b>
Municipal Infrastructure Grant	248 461	248 461	248 461	248 461	242 907	262 393	278 717
Integrated National Electrification Programme	21 000	21 000	21 000	21 000	12 304	12 000	15 000
DWA Refurbishment	15 000	17 800	17 800	17 800			
Library NWPG C/Building Grant		900	900	900			
MWIG		20 028	20 028	20 028			
<b>Total Capital Grants and Subsidies</b>	<b>284 461</b>	<b>308 189</b>	<b>308 189</b>	<b>308 189</b>	<b>255 211</b>	<b>274 393</b>	<b>293 717</b>
<b>Total Grants and Subsidies</b>	<b>752 854</b>	<b>776 582</b>	<b>633 070</b>	<b>776 582</b>	<b>770 530</b>	<b>858 260</b>	<b>940 024</b>

## Changes to local government allocations

- **The local government equitable share** - the 2016 budget reduces the baseline allocation by R300 million, or 0.6 per cent, in 2016/17. In 2017/18 and 2018/19, R1.5 billion and R3 billion are added respectively to offset the rising costs of basic services. These amounts revise downwards the 2015 MTBPS medium-term projection of an additional R6 billion. This change is as a result of government's reprioritisation of expenditure.
- **The municipal systems improvement grant** has been reconfigured as an indirect grant from 2016/17 to help poorly performing municipalities with revenue collection, performance management and record keeping. Regional management support will also be provided to groups of municipalities facing common institutional weaknesses.

## Reforms to local government infrastructure grants

The National Treasury, in collaboration with the Department of Cooperative Governance, the Department of Planning, Monitoring and Evaluation, SALGA and the FFC, has reviewed the system of local government infrastructure grants.

Following an intergovernmental review of the local government infrastructure grant system, significant changes are being made to the way these grants are structured. The changes include:

- Allowing municipalities to use conditional grant funds to repair and refurbish existing infrastructure. Spending of grant funds on refurbishment should be focused on infrastructure serving the poor and does not remove the responsibility of municipalities to fund routine maintenance from the equitable share and own revenues. This will improve services and secure future revenue streams.
- Reducing the number of water and sanitation grants from four to two by merging of the previous municipal water infrastructure grant, the water services operating subsidy grant and the rural household infrastructure grant to create a new water services infrastructure grant. The regional bulk infrastructure grant is to fund large bulk-water and sanitation projects, and the water services infrastructure grant is to fund construction and refurbishment of reticulation schemes and on-site services in rural municipalities.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of both water suppliers and Eskom bulk tariffs are far beyond the mentioned inflation targets. Given that these tariff increases are determined by external agencies, the impacts they have on the tariffs structure are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

**Table 5: Proposed Tariff Increase Percentage**

Description	Approved Previous Year 2013/14	Approved Previous Year 2014/15	Approved Current Year 2015/16	MTREF		
				Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Property rates	5.6%	5.4%	0%	0%	6.2%	5.9%
Electricity	8%	8%	12.20%	7.64%	7.64%	7.64%
Water	18%	18%	13%	6.6%	6.2%	5.9%
Sewerage	18%	18%	13%	6.6%	6.2%	5.9%
Refuse Removal	5.6%	5.4%	4.8%	6.6%	6.2%	5.9%
Surcharges	5.6%	5.4%	4.8%	6.6%	6.2%	5.9%
Other services	5.6%	5.4%	4.8%	6.6%	6.2%	5.9%

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value. All residential properties with a market value of R 50 000 and less will be excluded from the rate-able value. (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur

sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it does with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

**A tariff increase of 6.6 per cent from 1 July 2016 for water is proposed.** The new tariff structure is designed to charge higher levels of consumption at a higher rate. It must be noted that the distribution losses on water is extremely high and urgent steps needs to be taken to reduce losses on this very scares commodity.

#### 1.4.3 Electricity Tariffs and Impact on Tariff Increases

As announced by NERSA municipalities may expect a tariff increase of 7.86 percent in the cost of bulk electricity purchases. **A tariff increase of 7.64 percent is proposed from 1 July 2016.** It also needs to emphasise that, as in the event of water, electricity distribution losses are extremely high and needs to be investigated and corrected as a matter of very high priority.

#### 1.4.3 Sanitation and Impact of Tariff Increases

**A tariff increase of 6.6 per cent for sanitation from 1 July 2016 is proposed.** Only the towns of Brits and Hartebeespoort have waterborne sewerage systems while the rest of the municipality's residents are reliant on pit latrines:

#### 1.4.4 Waste Removal and Impact of Tariff Increases

The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. **A tariff increase of 6.6 percent is proposed for the 2016/2017 financial year.**

#### 1.4.5 Overall impact of tariff increases on households

**Table 6 MBRR Table SA14 – Household bills**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

NW372 Madibeng - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		61,500	73,520	73,520	35,662	35,662	35,662	35,662	35,662	35,662
Piped water inside yard (but not in dwelling)		46,500	73,520	73,520	73,520	73,520	73,520	73,520	73,520	73,520
Using public tap (at least min.service level)	2	24,500	4,880	4,880	4,880	4,880	4,880	4,880	4,880	4,880
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		132,500	151,920	151,920	114,062	114,062	114,062	114,062	114,062	114,062
Using public tap (< min.service level)	3	24,500	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		24,500	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
<b>Total number of households</b>	5	157,000	179,520	179,520	141,662	141,662	141,662	141,662	141,662	141,662
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		44,405	44,405	44,405	44,405	44,405	44,405	44,405	44,405	44,405
Flush toilet (with septic tank)		2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		11,735	11,735	11,735	11,735	11,735	11,735	11,735	11,735	11,735
Other toilet provisions (> min.service level)		37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123
<i>Minimum Service Level and Above sub-total</i>		95,707	95,707	95,707	95,707	95,707	95,707	95,707	95,707	95,707
Bucket toilet		47,428	3,049	3,049	3,049	3,049	3,049	3,049	3,049	3,049
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		9,321	9,321	9,321	9,321	9,321	9,321	9,321	9,321	9,321
<i>Below Minimum Service Level sub-total</i>		56,749	12,370	12,370	12,370	12,370	12,370	12,370	12,370	12,370
<b>Total number of households</b>	5	152,456	108,077	108,077	108,077	108,077	108,077	108,077	108,077	108,077
<b>Energy:</b>										
Electricity (at least min.service level)		65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Electricity - prepaid (min.service level)		39,000	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		104,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	29,983	29,983	29,983	29,983	29,983	29,983	29,983	29,983
<i>Below Minimum Service Level sub-total</i>		-	29,983	29,983	29,983	29,983	29,983	29,983	29,983	29,983
<b>Total number of households</b>	5	104,000	94,983	94,983	94,983	94,983	94,983	94,983	94,983	94,983
<b>Refuse:</b>										
Removed at least once a week		41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364
<i>Minimum Service Level and Above sub-total</i>		41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364
Removed less frequently than once a week		29,374	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Using communal refuse dump		-	4,553	4,553	4,553	4,553	4,553	4,553	4,553	4,553
Using own refuse dump		-	96,144	96,144	96,144	96,144	96,144	96,144	96,144	96,144
Other rubbish disposal		-	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736
No rubbish disposal		-	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
<i>Below Minimum Service Level sub-total</i>		29,374	119,333	119,333	119,333	119,333	119,333	119,333	119,333	119,333
<b>Total number of households</b>	5	70,738	160,697	160,697	160,697	160,697	160,697	160,697	160,697	160,697
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		28,901	28,901	6,000	5,661	5,661	5,661	5,700	5,750	5,800
Sanitation (free minimum level service)		5,433	5,433	6,000	5,661	5,661	5,661	5,700	5,750	5,800
Electricity/other energy (50kwh per household per month)		21,000	21,000	6,000	12,450	12,450	12,450	12,500	12,600	12,700
Refuse (removed at least once a week)		5,433	5,433	6,000	5,661	5,661	5,661	5,700	5,750	5,800
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	8,091	510	600	600	600	3,802	4,071	4,347
Sanitation (free sanitation service to indigent households)		-	3	12	20	20	20	1,417	1,517	1,619
Electricity/other energy (50kwh per indigent household per month)		2,296	10,513	10,342	10,000	10,000	10,000	8,591	9,107	9,666
Refuse (removed once a week for indigent households)		-	-	-	500	500	500	3,832	4,105	4,372
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		2,296	18,607	10,864	11,120	11,120	11,120	17,642	18,801	20,004
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		28,620	30,417	32,214	34,011	34,011	34,011	60,000	60,000	60,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		42	42	42	53	53	53	56	59	63
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		121,541	121,966	28,413	4,797	4,797	4,797	20,424	21,690	22,970
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	121,541	121,966	28,413	4,797	4,797	4,797	20,424	21,690	22,970

## 1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

**Table 7 Summary of operating expenditure by standard classification item**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Expenditure By Type</b>											
Employee related costs	2	266 546	292 524	324 757	340 739	340 739	340 739	286 465	370 680	400 873	428 809
Remuneration of councillors		22 988	23 887	22 406	26 345	26 345	26 345	19 812	29 000	31 000	32 937
Debt impairment	3	398 728	78 388	85 326	208 167	208 167	208 167	-	201 000	220 158	238 953
Depreciation & asset impairment	2	395 301	602 560	732 548	82 430	82 430	82 430	-	87 370	97 598	106 809
Finance charges		78 764	88 336	101 124	10 000	10 000	10 000	83 156	10 000	10 580	11 194
Bulk purchases	2	359 599	419 186	491 234	511 126	511 126	511 126	383 860	515 000	544 870	576 472
Other materials	8	33 877	53 090	64 295	107 645	97 271	97 271	67 992	80 943	97 672	115 529
Contracted services		82 165	130 871	153 969	73 763	58 893	58 893	101 752	146 250	166 639	176 500
Transfers and grants		2 120	5 392	13 323	33 459	36 471	36 471	21 211	25 000	28 450	29 200
Other expenditure	4, 5	91 496	154 041	341 810	129 615	151 848	151 848	146 494	117 608	129 029	138 966
Loss on disposal of PPE			263	11 400							
<b>Total Expenditure</b>		<b>1 731 584</b>	<b>1 848 540</b>	<b>2 342 191</b>	<b>1 523 289</b>	<b>1 523 289</b>	<b>1 523 289</b>	<b>1 110 741</b>	<b>1 582 851</b>	<b>1 726 869</b>	<b>1 855 369</b>

### Material variances between 2015/16 and 2016/17 financial years:

- Employee related cost increase by 8% from the 2015/16 Adjusted budget; After engagement with provincial treasury the municipality reduce employee cost by R 7m from the draft budget therefore the municipality will only afford to hire new employees if overtime policy is adhered to.

- Remuneration of councillors increased by 9% from the 2015 Adjusted budget to also budget for new councillors due to demarcation
- Provision for doubtful debts decreased by 4% from the 2015/16 Adjusted budget
- depreciation increased by 6% from the 2015/16 Adjusted budget
- Repairs and maintenance decreased by 20% from the 2015/16 Adjusted budget
- Bulk purchases increased by 1% from the 2015/16 Adjusted budget
- Contracted service increased by 60% from the 2015/16 adjusted budget. After engagement with provincial treasury the municipality was requested that we must unbundle professional expenses as contracted serves not general expenses hence such huge increase.
- Indigent house hold subsidy decreased by 46% from the 2015/16 Adjusted budget
- General expenses decreased by 29% from the 2015/16 Adjusted budget

The budgeted allocation for employee related costs for the 2016/17 financial year totals R377.6 million, of which equals 24 per cent of the total operating budget. The municipality has also catered for critical vacant post.

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities are advised to use this Salary and Wage Agreement preparing their 2016/17MTREF budgets.

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance.

The provision of debt impairment was determined based on an annual collection rate of 80 per cent and the Debt Write-off Policy of the municipality. For the 2016/2017 financial year this amount equates to R 201 million and escalates to R 220 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R87.3 million for the 2016/17 financial and equates to 6 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1 per cent (R10 million) of operating expenditure excluding

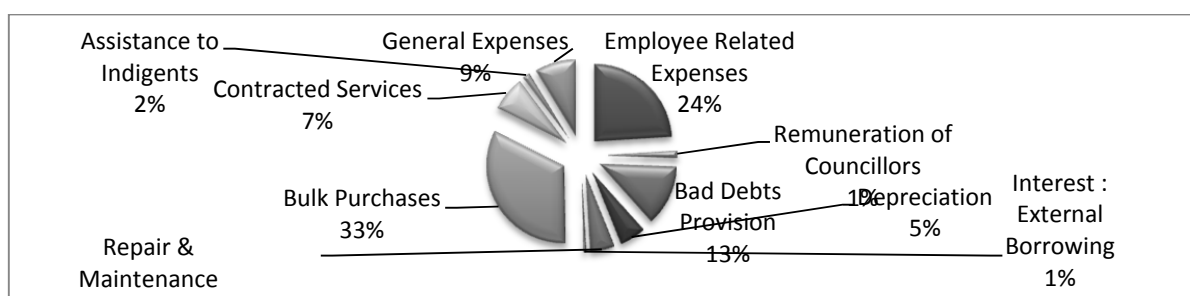


annual redemption for 2016/17 and increase to R10,5 million by 2017/18. As previously noted, the municipality has reached its prudential limits for borrowing

Bulk purchases are directly informed by the purchase of water from the City of Tswane and Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Growth has been limited to 10 per cent for 2016/17.

The following graph gives a breakdown of the main expenditure categories for the 2016/17 financial year.



#### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2016/17 budget and MTREF provide for growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 8 Operational repairs and maintenance**

Repairs and Maintenance	8										
Employee related costs											
Other materials		43,232	80,405	103,638	92,091	92,091	63,182	71,923	86,378	100,618	
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	–	43,232	80,405	103,638	92,091	92,091	63,182	71,923	86,378	100,618

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. As part of the 2016/17 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2016/17 equates to R 80million.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 9 Repairs and maintenance per asset class**

NW372 Madibeng - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			27,171	34,794	38,547	75,572	70,197	70,197	55,176	68,428	81,627
Infrastructure - Road transport			7,010	7,417	8,889	20,720	18,340	18,340	10,103	15,597	17,950
Roads, Pavements & Bridges			7,010	7,417	8,889	20,720	18,340	18,340	10,103	15,597	17,950
Storm water											
Infrastructure - Electricity			10,406	19,234	18,538	25,463	28,463	28,463	15,800	19,846	20,895
Generation											
Transmission & Reticulation			10,406	18,238	17,691	24,038	27,038	27,038	15,000	19,000	20,000
Street Lighting			-	997	847	1,425	1,425	1,425	800	846	895
Infrastructure - Water			7,354	5,426	8,808	23,814	18,593	18,593	23,011	24,359	30,772
Dams & Reservoirs			93	713	313	2,300	2,000	2,000	1,100	1,164	2,231
Water purification			556	-	-	-	-	-	-	-	-
Reticulation			6,705	4,712	8,495	21,514	16,593	16,593	21,911	23,195	28,541
Infrastructure - Sanitation			1,878	2,506	2,174	5,000	4,226	4,226	5,500	7,819	11,157
Reticulation			1,878	2,506	2,174	5,000	4,226	4,226	5,500	7,819	11,157
Sewerage purification											
Infrastructure - Other			522	211	139	575	575	575	762	807	853
Waste Management			522	211	139	575	575	575	762	807	853
Community			1,786	2,036	1,550	8,014	7,249	7,249	5,140	5,655	5,983
Parks & gardens			501	555	599	2,804	2,734	2,734	2,091	2,424	2,565
Sportsfields & stadia			383	440	-	-	-	-	-	-	-
Swimming pools			88	263	43	111	41	41	300	317	336
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency			150	117	63	276	101	101	216	230	244
Security and policing			82	72	-	542	542	542	500	529	560
Buses											
Clinics			30	-	-	-	-	-	-	-	-
Museums & Art Galleries											
Cemeteries			298	380	696	2,112	1,662	1,662	1,330	1,407	1,489
Social rental housing											
Other			254	208	148	2,168	2,168	2,168	703	747	790
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other											
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			2,232	6,402	40,308	20,051	14,645	14,645	11,607	12,295	13,008
General vehicles			20	2,045	2,579	7,992	6,247	6,247	-	-	-
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment			1,291	2,032	528	6,528	4,758	4,758	4,161	4,404	4,659
Computers - hardware/equipment			-	-	623	2,248	248	248	5,000	5,290	5,597
Furniture and other office equipment			177	48	-	-	-	-	-	-	-
Other Buildings			-	0	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)											
Other			744	2,277	36,578	3,284	3,393	3,393	2,446	2,601	2,751
Agricultural assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Total Repairs and Maintenance Expenditure	1		31,188	43,232	80,405	103,638	92,091	92,091	71,923	86,378	100,618

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 10 2016/17 Medium-term capital budget per vote**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 01 - Executive Council		17	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	33	30	-	30	30	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	1 790	2 000	2 043	2 043	523	-	-	-
Vote 05 - Budget And Treasury Office		651	23	3 108	4 500	4 398	4 398	2 159	-	-	-
Vote 06 - Infrastructure And Technical Services		223 090	159 780	171 495	266 211	291 579	291 579	113 462	247 711	234 897	273 659
Vote 07 - Community Services		4 125	21 240	40 739	4 500	-	-	-	-	3 500	5 362
Vote 08 - Human Settlement		-	-	71	-	1 228	1 228	-	-	-	-
Vote 09 - Economic Dev, tourism & Agric		1 669	58	-	-	724	724	87	-	7 000	12 000
Vote 10 - Public Safety		2 710	11 724	16 348	15 250	19 138	19 138	7 798	7 500	29 300	-
Capital single-year expenditure sub-total		232 262	192 858	233 581	292 461	319 139	319 139	124 028	255 211	274 697	291 021
Total Capital Expenditure - Vote		232 262	192 858	233 581	292 461	319 139	319 139	124 028	255 211	274 697	291 021

For 2016/17 an amount of R 255 211 million has been appropriated for the development of infrastructure and community facilities which represents 100 per cent of the total capital budget. In the outer years this amount totals R 274 697 million and R 291 021 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained on MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

## 1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as tabled to Council.

**Table 11 MBRR Table A1 - Budget Summary**

NW372 Madibeng - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	176,261	193,599	312,010	337,183	337,183	337,183	240,952	294,576	312,840	331,297
Service charges	475,373	492,532	574,162	619,016	619,016	619,016	514,407	657,500	698,265	739,463
Investment revenue	16,424	3,442	3,750	4,095	4,095	4,095	6,647	7,600	8,071	8,547
Transfers recognised - operational	276,033	310,910	369,770	468,393	468,393	468,393	440,998	515,319	584,215	647,023
Other own revenue	105,482	78,005	97,714	94,759	94,759	94,759	66,654	119,005	126,011	133,092
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,049,574</b>	<b>1,078,487</b>	<b>1,357,406</b>	<b>1,523,446</b>	<b>1,523,446</b>	<b>1,523,446</b>	<b>1,269,658</b>	<b>1,594,000</b>	<b>1,729,402</b>	<b>1,859,422</b>
Employee costs	266,546	292,524	324,757	340,739	340,739	340,739	286,465	370,680	400,873	428,809
Remuneration of councillors	22,988	23,887	22,406	26,345	26,345	26,345	19,812	29,000	31,000	32,937
Depreciation & asset impairment	395,301	602,560	732,548	82,430	82,430	82,430	–	87,370	97,598	106,809
Finance charges	78,764	88,336	101,124	10,000	10,000	10,000	83,156	10,000	10,580	11,194
Materials and bulk purchases	393,476	472,277	555,529	618,771	608,397	608,397	451,852	595,943	642,542	692,002
Transfers and grants	2,120	5,392	13,323	33,459	36,471	36,471	21,211	25,000	28,450	29,200
Other expenditure	572,389	363,563	592,505	411,545	418,907	418,907	248,246	464,858	515,826	554,419
<b>Total Expenditure</b>	<b>1,731,584</b>	<b>1,848,540</b>	<b>2,342,191</b>	<b>1,523,289</b>	<b>1,523,289</b>	<b>1,523,289</b>	<b>1,110,741</b>	<b>1,582,851</b>	<b>1,726,869</b>	<b>1,855,369</b>
<b>Surplus/(Deficit)</b>	<b>(682,010)</b>	<b>(770,053)</b>	<b>(984,786)</b>	<b>157</b>	<b>157</b>	<b>157</b>	<b>158,917</b>	<b>11,149</b>	<b>2,533</b>	<b>4,053</b>
Transfers recognised - capital	215,014	239,362	254,898	292,461	319,139	319,139	–	255,211	274,393	293,717
Contributions recognised - capital & contributed	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(466,996)</b>	<b>(530,691)</b>	<b>(729,888)</b>	<b>292,618</b>	<b>319,296</b>	<b>319,296</b>	<b>158,917</b>	<b>266,360</b>	<b>276,926</b>	<b>297,770</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>(466,996)</b>	<b>(530,691)</b>	<b>(729,888)</b>	<b>292,618</b>	<b>319,296</b>	<b>319,296</b>	<b>158,917</b>	<b>266,360</b>	<b>276,926</b>	<b>297,770</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>232,332</b>	<b>192,858</b>	<b>233,581</b>	<b>292,461</b>	<b>319,139</b>	<b>319,139</b>	<b>172,598</b>	<b>255,211</b>	<b>274,393</b>	<b>293,717</b>
Transfers recognised - capital	207,550	190,546	224,181	279,461	308,312	308,312	170,284	255,211	274,393	293,717
Public contributions & donations	–	–	–	5,000	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	24,782	2,312	9,400	8,000	10,828	10,828	2,314	–	–	–
<b>Total sources of capital funds</b>	<b>232,332</b>	<b>192,858</b>	<b>233,581</b>	<b>292,461</b>	<b>319,139</b>	<b>319,139</b>	<b>172,598</b>	<b>255,211</b>	<b>274,393</b>	<b>293,717</b>
<b>Financial position</b>										
Total current assets	106,188	152,587	354,967	274,469	274,469	274,469	–	347,204	419,566	494,092
Total non current assets	4,644,098	7,177,687	6,482,508	4,840,184	4,840,184	4,840,184	–	7,006,160	7,317,510	7,279,010
Total current liabilities	275,209	342,462	470,857	191,190	191,190	191,190	–	212,056	184,426	173,796
Total non current liabilities	728,504	829,377	938,071	651,600	651,600	651,600	–	657,400	666,900	676,400
Community wealth/Equity	3,746,573	6,158,435	5,428,547	4,271,863	4,271,863	4,271,863	–	6,483,908	6,885,750	6,922,906
<b>Cash flows</b>										
Net cash from (used) operating	196,027	155,082	248,061	357,006	357,006	357,006	288,264	328,441	346,364	369,351
Net cash from (used) investing	(163,120)	(190,877)	(233,416)	(232,201)	(258,879)	(258,879)	(156,768)	(255,211)	(274,394)	(293,717)
Net cash from (used) financing	(8,580)	(722)	6,346	10,450	10,450	10,450	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>32,664</b>	<b>(3,854)</b>	<b>17,136</b>	<b>152,392</b>	<b>125,714</b>	<b>125,714</b>	<b>148,633</b>	<b>90,367</b>	<b>162,336</b>	<b>237,970</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	37,663	7,880	32,353	213,832	213,832	213,832	–	103,517	176,336	252,970
Application of cash and investments	339,438	346,596	455,292	209,015	209,015	209,015	–	98,902	72,105	62,522
<b>Balance - surplus (shortfall)</b>	<b>(301,775)</b>	<b>(338,716)</b>	<b>(422,939)</b>	<b>4,817</b>	<b>4,817</b>	<b>4,817</b>	<b>–</b>	<b>4,615</b>	<b>104,231</b>	<b>190,448</b>
<b>Asset management</b>										
Asset register summary (WDV)	4,633,102	7,165,944	6,470,300	4,816,341	4,816,341	4,816,341	6,993,000	6,993,000	7,303,500	7,264,000
Depreciation & asset impairment	395,301	602,560	732,548	82,430	82,430	82,430	87,370	87,370	97,598	106,809
Renewal of Existing Assets	–	–	–	13,840	4,800	4,800	4,800	15,000	71,000	67,000
Repairs and Maintenance	31,188	43,232	80,405	103,638	92,091	92,091	71,923	71,923	86,378	100,618
<b>Free services</b>										
Cost of Free Basic Services provided	2,296	18,607	10,864	11,120	11,120	11,120	17,642	17,642	18,801	20,004
Revenue cost of free services provided	121,541	121,966	28,413	4,797	4,797	4,797	20,424	20,424	21,690	22,970
<b>Households below minimum service level</b>										
Water:	25	28	28	28	28	28	28	28	28	28
Sanitation/sewerage:	57	12	12	12	12	12	12	12	12	12
Energy:	–	30	30	30	30	30	30	30	30	30
Refuse:	29	119	119	119	119	119	119	119	119	119

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2016/17, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the water backlog will have been very nearly eliminated.

**Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

NW372 Madibeng - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		546,610	558,137	754,786	428,138	428,138	428,138	405,471	471,140	527,791
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		538,242	557,341	754,760	428,095	428,095	428,095	405,471	471,140	527,791
Corporate services		8,368	795	26	42	42	42	-	-	-
<i>Community and public safety</i>		16,432	8,245	8,144	14,289	14,289	14,289	14,976	15,533	16,095
Community and social services		901	1,013	524	1,182	1,182	1,182	1,167	1,239	1,312
Sport and recreation		75	114	36	89	89	89	150	159	169
Public safety		13,784	7,118	7,584	10,632	10,632	10,632	10,216	10,477	10,742
Housing		1,672	-	-	2,385	2,385	2,385	3,443	3,656	3,872
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		51	247,719	247,863	292,461	319,139	319,139	255,211	274,393	293,717
Planning and development		-	236,268	236,059	292,461	319,139	319,139	255,211	274,393	293,717
Road transport		51	11,451	11,770	-	-	-	-	-	-
Environmental protection		-	1	34	-	-	-	-	-	-
<i>Trading services</i>		502,819	503,748	601,510	1,078,995	1,078,995	1,078,995	1,171,308	1,241,986	1,314,750
Electricity		357,725	368,153	409,948	535,263	535,263	535,263	561,360	595,778	630,827
Water		91,670	80,932	125,575	279,294	279,294	279,294	308,364	326,844	345,959
Waste water management		21,066	22,986	30,709	140,166	140,166	140,166	161,640	171,156	181,120
Waste management		32,359	31,676	35,279	124,272	124,272	124,272	139,945	148,208	156,843
<i>Other</i>	<b>4</b>	198,676	-	-	2,024	2,024	2,024	2,245	743	787
<b>Total Revenue - Standard</b>	<b>2</b>	<b>1,264,588</b>	<b>1,317,849</b>	<b>1,612,303</b>	<b>1,815,907</b>	<b>1,842,585</b>	<b>1,842,585</b>	<b>1,849,211</b>	<b>2,003,795</b>	<b>2,153,139</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		1,055,034	1,039,290	1,367,141	495,037	500,320	500,320	539,377	594,904	636,141
Executive and council		69,461	62,192	67,028	72,799	75,943	75,943	81,498	87,638	93,068
Budget and treasury office		935,942	876,613	1,229,164	364,527	369,462	369,462	370,516	407,308	436,581
Corporate services		49,632	100,485	70,949	57,711	54,915	54,915	87,364	99,958	106,491
<i>Community and public safety</i>		118,467	103,867	119,628	174,347	174,459	174,459	214,998	237,516	256,501
Community and social services		19,393	20,158	20,422	36,060	33,962	33,962	47,812	52,858	57,520
Sport and recreation		8,787	9,695	10,969	11,122	11,400	11,400	15,863	16,856	17,982
Public safety		66,439	66,276	79,673	93,338	99,771	99,771	113,361	124,452	134,369
Housing		17,082	-	-	25,089	24,399	24,399	29,584	34,461	37,130
Health		6,766	7,740	8,565	8,739	4,926	4,926	8,378	8,889	9,500
<i>Economic and environmental services</i>		28,845	71,493	85,191	47,968	43,365	43,365	36,907	44,187	48,365
Planning and development		-	22,398	29,536	-	-	-	-	-	-
Road transport		27,419	43,812	50,416	46,260	42,029	42,029	35,302	42,446	46,506
Environmental protection		1,426	5,283	5,239	1,708	1,335	1,335	1,604	1,741	1,860
<i>Trading services</i>		521,184	630,892	767,480	788,457	790,741	790,741	778,157	837,556	900,799
Electricity		349,003	389,924	424,415	467,779	466,795	466,795	485,781	485,578	513,833
Water		107,092	156,359	247,799	226,632	229,995	229,995	230,060	250,263	274,840
Waste water management		14,098	15,988	19,547	23,792	26,805	26,805	28,429	32,467	38,167
Waste management		50,991	68,621	75,720	70,254	67,145	67,145	63,887	69,249	73,960
<i>Other</i>	<b>4</b>	8,055	2,996	2,751	17,480	14,405	14,405	13,412	12,705	13,564
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>1,731,584</b>	<b>1,848,540</b>	<b>2,342,191</b>	<b>1,523,289</b>	<b>1,523,289</b>	<b>1,523,289</b>	<b>1,582,851</b>	<b>1,726,869</b>	<b>1,855,369</b>
<b>Surplus/(Deficit) for the year</b>		<b>(466,996)</b>	<b>(530,691)</b>	<b>(729,888)</b>	<b>292,618</b>	<b>319,296</b>	<b>319,296</b>	<b>266,360</b>	<b>276,926</b>	<b>297,770</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 7 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance and Administration.

**Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

NW372 Madibeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>	<b>1</b>									
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		8,368	33	26	42	42	42	-	-	-
Vote 05 - Budget And Treasury Office		528,261	558,104	571,393	428,095	428,095	428,095	405,471	471,140	527,791
Vote 06 - Infrastructure And Technical Services		481,114	495,733	578,321	954,723	954,723	954,723	1,031,363	1,093,778	1,157,906
Vote 07 - Community Services		28,321	32,195	32,193	125,454	125,454	125,454	141,237	149,580	158,297
Vote 08 - Human Settlement		1,753	2,388	2,411	2,385	2,385	2,385	3,443	3,656	3,872
Vote 09 - Economic Dev, tourism & Agric		202,795	209,475	410,210	294,485	321,164	321,164	257,456	275,136	294,504
Vote 10 - Public Safety		13,976	19,923	17,749	10,722	10,722	10,722	10,241	10,504	10,770
<b>Total Revenue by Vote</b>	<b>2</b>	<b>1,264,588</b>	<b>1,317,849</b>	<b>1,612,303</b>	<b>1,815,907</b>	<b>1,842,585</b>	<b>1,842,585</b>	<b>1,849,211</b>	<b>2,003,795</b>	<b>2,153,139</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
Vote 01 - Executive Council		32,860	30,480	31,342	34,736	34,686	34,686	36,712	39,137	41,488
Vote 02 - Municipal Manager		6,822	6,880	6,072	8,769	7,735	7,735	9,969	11,223	11,984
Vote 03 - Chief Operating Officer		21,040	24,832	29,614	29,293	33,522	33,522	34,817	37,277	39,596
Vote 04 - Corporate And Support Services		46,894	87,239	68,120	57,711	54,915	54,915	87,364	99,958	106,491
Vote 05 - Budget And Treasury Office		945,835	866,849	1,049,274	364,527	369,462	369,462	370,516	407,308	436,581
Vote 06 - Infrastructure And Technical Services		495,458	602,816	896,383	764,464	765,625	765,625	749,572	810,754	873,345
Vote 07 - Community Services		75,708	99,427	106,339	101,924	97,701	97,701	128,574	139,714	149,161
Vote 08 - Human Settlement		17,083	20,118	26,474	25,089	24,399	24,399	29,584	34,461	37,130
Vote 09 - Economic Dev, tourism & Agric		8,056	8,130	8,642	17,480	14,405	14,405	13,412	12,705	13,564
Vote 10 - Public Safety		81,826	101,768	119,930	119,296	120,840	120,840	122,331	134,331	146,029
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>1,731,584</b>	<b>1,848,540</b>	<b>2,342,191</b>	<b>1,523,289</b>	<b>1,523,289</b>	<b>1,523,289</b>	<b>1,582,851</b>	<b>1,726,869</b>	<b>1,855,369</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>(466,996)</b>	<b>(530,691)</b>	<b>(729,888)</b>	<b>292,618</b>	<b>319,296</b>	<b>319,296</b>	<b>266,360</b>	<b>276,926</b>	<b>297,770</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water trading services.
- The water account is subsidised with a portion of the equitable share as the majority of household receive water at RDP level or lower.

**Table 14 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

NW372 Madibeng - Table A4 Budgeted Financial Performance (revenue and expenditure)

W372 Mainberg - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	176,261	193,599	312,010	337,183	337,183	337,183	240,952	294,576	312,840	331,297
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	347,121	358,590	395,926	431,808	431,808	431,808	340,756	445,000	472,590	500,473
Service charges - water revenue	2	79,855	80,876	117,260	133,644	133,644	133,644	122,513	147,500	156,645	165,887
Service charges - sanitation revenue	2	21,064	22,986	30,703	26,213	26,213	26,213	28,958	35,000	37,170	39,363
Service charges - refuse revenue	2	27,334	30,079	30,273	27,351	27,351	27,351	22,114	30,000	31,860	33,740
Service charges - other					-	-	-	67	-	-	-
Rental of facilities and equipment		561	583	610	628	628	628	859	1,755	1,864	1,974
Interest earned - external investments		16,424	3,442	3,750	4,095	4,095	4,095	6,647	7,600	8,071	8,547
Interest earned - outstanding debtors		54,910	44,418	64,768	56,483	56,483	56,483	51,640	70,000	74,340	78,726
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		783	2,469	2,099	626	626	626	373	530	563	596
Licences and permits		4,642	4,555	5,438	7,335	7,335	7,335	2,094	3,400	3,611	3,824
Agency services		8,120	8,964	9,606	2,215	2,215	2,215	-	6,000	6,000	6,000
Transfers recognised - operational		276,033	310,910	369,770	468,393	468,393	468,393	440,998	515,319	584,215	647,023
Other revenue	2	36,467	16,254	15,194	27,472	27,472	27,472	11,686	37,320	39,634	41,972
Gains on disposal of PPE		-	763	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1,049,574	1,078,487	1,357,406	1,523,446	1,523,446	1,523,446	1,269,658	1,594,000	1,729,402	1,859,422
Expenditure By Type											
Employee related costs	2	266,546	292,524	324,757	340,739	340,739	340,739	286,465	370,680	400,873	428,809
Remuneration of councillors		22,988	23,887	22,406	26,345	26,345	26,345	19,812	29,000	31,000	32,937
Debt impairment	3	398,728	78,388	85,326	208,167	208,167	208,167	-	201,000	220,158	238,953
Depreciation & asset impairment	2	395,301	602,560	732,548	82,430	82,430	82,430	-	87,370	97,598	106,809
Finance charges		78,764	88,336	101,124	10,000	10,000	10,000	83,156	10,000	10,580	11,194
Bulk purchases	2	359,599	419,186	491,234	511,126	511,126	511,126	383,860	515,000	544,870	576,472
Other materials	8	33,877	53,090	64,295	107,645	97,271	97,271	67,992	80,943	97,672	115,529
Contracted services		82,165	130,871	153,969	73,763	58,893	58,893	101,752	146,250	166,639	176,500
Transfers and grants		2,120	5,392	13,323	33,459	36,471	36,471	21,211	25,000	28,450	29,200
Other expenditure	4, 5	91,496	154,041	341,810	129,615	151,848	151,848	146,494	117,608	129,029	138,966
Loss on disposal of PPE			263	11,400							
Total Expenditure		1,731,584	1,848,540	2,342,191	1,523,289	1,523,289	1,523,289	1,110,741	1,582,851	1,726,869	1,855,369
Surplus/(Deficit)											
Transfers recognised - capital		(682,010)	(770,053)	(984,786)	157	157	157	158,917	11,149	2,533	4,053
Contributions recognised - capital	6	215,014	239,362	254,898	292,461	319,139	319,139	-	255,211	274,393	293,717
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(466,996)	(530,691)	(729,888)	292,618	319,296	319,296	158,917	266,360	276,926	297,770
Taxation											
Surplus/(Deficit) after taxation		(466,996)	(530,691)	(729,888)	292,618	319,296	319,296	158,917	266,360	276,926	297,770
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(466,996)	(530,691)	(729,888)	292,618	319,296	319,296	158,917	266,360	276,926	297,770
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(466,996)	(530,691)	(729,888)	292,618	319,296	319,296	158,917	266,360	276,926	297,770



**Table 15 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

NW372 Madibeng - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agric		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	33	30	-	30	30	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	1,790	2,000	2,043	2,043	523	-	-	-
Vote 05 - Budget And Treasury Office		263	23	3,108	4,500	4,346	4,346	2,162	-	-	-
Vote 06 - Infrastructure And Technical Services		202,037	159,838	171,495	266,211	291,609	291,609	160,721	247,711	234,593	276,355
Vote 07 - Community Services		22,629	6,480	19,900	4,500	22	22	-	-	11,500	5,362
Vote 08 - Human Settlement		-	-	71	-	1,228	1,228	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agric		-	-	-	-	724	724	87	-	7,000	12,000
Vote 10 - Public Safety		7,403	26,093	37,187	15,250	19,138	19,138	9,106	7,500	21,300	-
<b>Capital single-year expenditure sub-total</b>		<b>232,332</b>	<b>192,468</b>	<b>233,581</b>	<b>292,461</b>	<b>319,139</b>	<b>319,139</b>	<b>172,598</b>	<b>255,211</b>	<b>274,393</b>	<b>293,717</b>
<b>Total Capital Expenditure - Vote</b>		<b>232,332</b>	<b>192,468</b>	<b>233,581</b>	<b>292,461</b>	<b>319,139</b>	<b>319,139</b>	<b>172,598</b>	<b>255,211</b>	<b>274,393</b>	<b>293,717</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>263</b>	<b>56</b>	<b>4,927</b>	<b>6,500</b>	<b>6,419</b>	<b>6,419</b>	<b>2,684</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		-	33	30	-	30	30	-	-	-	-
Budget and treasury office		263	23	3,108	4,500	4,346	4,346	2,162	-	-	-
Corporate services		-	-	1,790	2,000	2,043	2,043	523	-	-	-
<b>Community and public safety</b>		<b>20,032</b>	<b>32,964</b>	<b>47,159</b>	<b>17,250</b>	<b>20,366</b>	<b>20,366</b>	<b>9,106</b>	<b>7,500</b>	<b>29,300</b>	<b>-</b>
Community and social services		12,629	6,480	9,900	6,950	7,078	7,078	5,715	-	-	-
Sport and recreation		1,129	14,760	20,839	6,800	7,800	7,800	3,391	-	12,000	-
Public safety		6,274	11,724	16,348	3,500	4,260	4,260	-	7,500	17,300	-
Housing		-	-	71	-	1,228	1,228	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>74,500</b>	<b>61,832</b>	<b>87,235</b>	<b>142,300</b>	<b>141,740</b>	<b>141,740</b>	<b>81,904</b>	<b>121,519</b>	<b>67,393</b>	<b>81,355</b>
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		74,500	61,832	87,235	142,300	141,740	141,740	81,904	121,519	67,393	81,355
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>137,537</b>	<b>98,006</b>	<b>94,260</b>	<b>126,411</b>	<b>149,891</b>	<b>149,891</b>	<b>78,818</b>	<b>126,192</b>	<b>170,700</b>	<b>200,362</b>
Electricity		7,600	9,329	12,000	24,000	22,000	22,000	23,067	13,304	21,000	25,000
Water		119,937	70,477	33,577	79,911	102,269	102,269	43,984	74,388	67,400	110,000
Waste water management		-	18,200	38,684	20,000	25,600	25,600	11,766	38,500	78,800	60,000
Waste management		10,000	-	10,000	2,500	22	22	-	-	3,500	5,362
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>724</b>	<b>724</b>	<b>87</b>	<b>-</b>	<b>7,000</b>	<b>12,000</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>232,332</b>	<b>192,858</b>	<b>233,581</b>	<b>292,461</b>	<b>319,139</b>	<b>319,139</b>	<b>172,598</b>	<b>255,211</b>	<b>274,393</b>	<b>293,717</b>
<b>Funded by:</b>											
National Government		207,150	190,546	224,181	279,461	307,289	307,289	170,198	255,211	274,393	293,717
Provincial Government		400	-	-	-	1,023	1,023	87	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>207,550</b>	<b>190,546</b>	<b>224,181</b>	<b>279,461</b>	<b>308,312</b>	<b>308,312</b>	<b>170,284</b>	<b>255,211</b>	<b>274,393</b>	<b>293,717</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Internally generated funds		24,782	2,312	9,400	8,000	10,828	10,828	2,314	-	-	-
<b>Total Capital Funding</b>	<b>7</b>	<b>232,332</b>	<b>192,858</b>	<b>233,581</b>	<b>292,461</b>	<b>319,139</b>	<b>319,139</b>	<b>172,598</b>	<b>255,211</b>	<b>274,393</b>	<b>293,717</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard

classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. No multi-year appropriations have been done.

**Table 16 MBRR Table A6 - Budgeted Financial Position**

NW372 Madibeng - Table A6 Budgeted Financial Position

VWS/12 Madiung - Table A6 Budgeted Financial Position											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		47,692	31,636	26,340	45,000	45,000	45,000	-	34,125	65,336	88,970
Call investment deposits	1	4,999	-	3,019	145,000	145,000	145,000	-	56,242	97,000	149,000
Consumer debtors	1	34,474	112,517	179,551	50,000	50,000	50,000	-	241,500	241,000	239,000
Other debtors		1,283	-	33,860	27,791	27,791	27,791	-	8,259	8,726	9,194
Current portion of long-term receivables		13,362	3,035	101,974	-	-	-	-	-	-	-
Inventory	2	4,379	5,399	10,222	6,678	6,678	6,678	-	7,079	7,504	7,928
Total current assets		106,188	152,587	354,967	274,469	274,469	274,469	-	347,204	419,566	494,092
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	11,733	12,197	23,832	23,832	23,832	-	13,150	14,000	15,000
Investment property		466,341	457,151	271,874	466,341	466,341	466,341	-	93,000	93,500	94,000
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	4,166,760	6,708,792	6,198,426	4,350,000	4,350,000	4,350,000	-	6,900,000	7,210,000	7,170,000
Agricultural		10	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		10,987	10	10	10	10	10	-	10	10	10
Total non current assets		4,644,098	7,177,687	6,482,508	4,840,184	4,840,184	4,840,184	-	7,006,160	7,317,510	7,279,010
TOTAL ASSETS		4,750,286	7,330,274	6,837,474	5,114,653	5,114,653	5,114,653	-	7,353,364	7,737,076	7,773,102
LIABILITIES											
Current liabilities											
Bank overdraft	1	15,028	35,490	9,203	-	-	-	-	-	-	-
Borrowing	4	663	58	1,926	60	60	60	-	1,926	1,926	1,926
Consumer deposits		12,955	12,922	12,942	26,130	26,130	26,130	-	27,130	27,500	27,870
Trade and other payables	4	246,563	293,992	446,785	165,000	165,000	165,000	-	183,000	155,000	144,000
Provisions		-	-	-	-	-	-	-	-	-	-
Total current liabilities		275,209	342,462	470,857	191,190	191,190	191,190	-	212,056	184,426	173,796
Non current liabilities											
Borrowing		718,848	683,345	776,928	550,000	550,000	550,000	-	555,000	564,000	573,000
Provisions		9,656	146,031	161,143	101,600	101,600	101,600	-	102,400	102,900	103,400
Total non current liabilities		728,504	829,377	938,071	651,600	651,600	651,600	-	657,400	666,900	676,400
TOTAL LIABILITIES		1,003,713	1,171,839	1,408,927	842,790	842,790	842,790	-	869,456	851,326	850,196
NET ASSETS	5	3,746,573	6,158,435	5,428,547	4,271,863	4,271,863	4,271,863	-	6,483,908	6,885,750	6,922,906
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	3,746,573	6,158,435	5,428,547	4,271,863	4,271,863	4,271,863	-	6,483,908	6,885,750	6,922,906
Reserves		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	3,746,573	6,158,435	5,428,547	4,271,863	4,271,863	4,271,863	-	6,483,908	6,885,750	6,922,906

### Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions noncurrent;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
  5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 17 MBRR Table A7 - Budgeted Cash Flow Statement**

NW372 Madibeng - Table A7 Budgeted Cash Flows

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges			162,016	157,715	263,849	249,515	249,515	249,515	143,940	233,599	245,082	260,719
Service charges			385,113	448,314	426,747	501,301	501,301	501,301	525,612	537,522	570,849	604,529
Other revenue			31,251	27,835	13,098	27,156	27,156	27,156	105,284	28,671	30,077	31,497
Government - operating		1	276,033	310,910	369,770	468,393	468,393	468,393	458,842	515,319	584,215	647,023
Government - capital		1	215,014	239,362	254,337	284,461	284,461	284,461	276,095	255,211	274,393	293,717
Interest			16,424	3,442	3,750	60,578	60,578	60,578	11,245	77,600	82,411	87,273
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(889,702)	(1,032,496)	(1,083,349)	(1,190,939)	(1,190,939)	(1,190,939)	(1,171,682)	(1,309,481)	(1,430,083)	(1,544,214)
Finance charges			(122)	(0)	(141)	(10,000)	(10,000)	(10,000)	(41,221)	(10,000)	(10,580)	(11,194)
Transfers and Grants		1	-	-	-	(33,459)	(33,459)	(33,459)	(19,851)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			196,027	155,082	248,061	357,006	357,006	357,006	288,264	328,441	346,364	369,351
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			69,211	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	1,981	165	60,260	60,260	60,260	-	-	-	-
Payments												
Capital assets			(232,332)	(192,858)	(233,581)	(292,461)	(319,139)	(319,139)	(156,768)	(255,211)	(274,394)	(293,717)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(163,120)	(190,877)	(233,416)	(232,201)	(258,879)	(258,879)	(156,768)	(255,211)	(274,394)	(293,717)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	6,404	35,000	35,000	35,000	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			(8,580)	(722)	(58)	(24,550)	(24,550)	(24,550)	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			(8,580)	(722)	6,346	10,450	10,450	10,450	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			24,327	(36,517)	20,990	135,255	108,577	108,577	131,497	73,230	71,970	75,634
Cash/cash equivalents at the year begin:		2	8,337	32,664	(3,854)	17,136	17,136	17,136	17,136	17,136	90,367	162,336
Cash/cash equivalents at the year end:		2	32,664	(3,854)	17,136	152,392	125,714	125,714	148,633	90,367	162,336	237,970

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

**Table 18 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

NW372 Madibeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

TWS/2 Macleay - Table A6 Cash backed reserves/accumulated surplus/reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	32,664	(3,854)	17,136	152,392	125,714	125,714	148,633	90,367	162,336	237,970
Other current investments > 90 days		4,999	0	3,019	37,608	64,286	64,286	(148,633)	0	(0)	(0)
Non current assets - Investments	1	-	11,733	12,197	23,832	23,832	23,832	-	13,150	14,000	15,000
Cash and investments available:		37,663	7,880	32,353	213,832	213,832	213,832	-	103,517	176,336	252,970
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	5,194	-	-	-	-	17,000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	219,248	200,564	288,956	107,415	107,415	107,415	-	(20,498)	(30,795)	(40,878)
Other provisions		120,190	146,031	161,143	101,600	101,600	101,600	-	102,400	102,900	103,400
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		339,438	346,596	455,292	209,015	209,015	209,015	-	98,902	72,105	62,522
Surplus(shortfall)		(301,775)	(338,716)	(422,939)	4,817	4,817	4,817	-	4,615	104,231	190,448

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

**Table 19 MBRR Table A9 - Asset Management**

NW372 Madibeng - Table A9 Asset Management

WWS32 Madiberg - Table A9 Asset management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	232,332	192,468	233,581	278,621	314,339	314,339	240,211	203,393	226,717
Infrastructure - Road transport		74,500	61,832	87,235	133,460	136,940	136,940	109,519	58,393	74,355
Infrastructure - Electricity		7,600	9,329	12,000	24,000	22,000	22,000	13,304	21,000	25,000
Infrastructure - Water		119,937	70,477	33,577	94,911	126,839	126,839	107,388	74,200	110,000
Infrastructure - Sanitation		-	18,200	38,684	-	1,000	1,000	2,500	10,000	-
Infrastructure - Other		10,000	-	10,053	4,500	-	-	-	7,000	10,362
Infrastructure		212,037	159,838	181,548	256,871	286,779	286,779	232,711	170,593	219,717
Community		19,907	31,108	45,362	14,250	17,333	17,333	7,500	18,500	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	388	1,521	6,672	7,500	10,228	10,228	-	14,300	7,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	13,840	4,800	4,800	15,000	71,000	67,000
Infrastructure - Road transport		-	-	-	8,840	4,800	4,800	12,000	9,000	7,000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	5,000	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	3,000	62,000	60,000
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	13,840	4,800	4,800	15,000	71,000	67,000
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		74,500	61,832	87,235	142,300	141,740	141,740	121,519	67,393	81,355
Infrastructure - Electricity		7,600	9,329	12,000	24,000	22,000	22,000	13,304	21,000	25,000
Infrastructure - Water		119,937	70,477	33,577	99,911	126,839	126,839	107,388	74,200	110,000
Infrastructure - Sanitation		-	18,200	38,684	-	1,000	1,000	5,500	72,000	60,000
Infrastructure - Other		10,000	-	10,053	4,500	-	-	-	7,000	10,362
Infrastructure		212,037	159,838	181,548	270,711	291,579	291,579	247,711	241,593	286,717
Community		19,907	31,108	45,362	14,250	17,333	17,333	7,500	18,500	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	388	1,521	6,672	7,500	10,228	10,228	-	14,300	7,000
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	232,332	192,468	233,581	292,461	319,139	319,139	255,211	274,393	293,717
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	641,015	(68,174)	(77,399)	743,632	743,632	743,632	826,690	909,748	992,806
Infrastructure - Electricity		1,235,388	(24,206)	(33,637)	1,275,388	1,275,388	1,275,388	1,298,388	1,321,388	1,344,388
Infrastructure - Water		482,276	521,783	(133,564)	566,187	566,187	566,187	619,294	672,401	725,508
Infrastructure - Sanitation		91,287	(14,300)	(6,317)	136,287	136,287	136,287	186,287	236,287	286,287
Infrastructure - Other		1,303,418	6,251,623	6,353,571	1,605,181	1,605,181	1,605,181	3,945,398	4,046,166	3,796,933
Infrastructure		3,753,384	6,666,727	6,102,654	4,326,675	4,326,675	4,326,675	6,876,058	7,185,990	7,145,922
Community		203,377	14,004	68,021	23,315	23,315	23,315	23,932	24,000	24,068
Heritage assets		-	-	-	10	10	10	10	10	10
Investment properties		466,341	457,151	271,874	466,341	466,341	466,341	93,000	93,500	94,000
Other assets		209,989	28,061	27,752	-	-	-	-	-	-
Agricultural Assets		10	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	4,633,102	7,165,944	6,470,300	4,816,341	4,816,341	4,816,341	6,993,000	7,303,500	7,264,000
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>	3	395,301	602,560	732,548	82,430	82,430	82,430	87,370	97,598	106,809
<b>Repairs and Maintenance by Asset Class</b>		31,188	43,232	80,405	103,638	92,091	92,091	71,923	86,378	100,618
Infrastructure - Road transport		7,010	7,417	8,889	20,720	18,340	18,340	10,103	15,597	17,950
Infrastructure - Electricity		10,406	19,234	18,538	25,463	28,463	28,463	15,800	19,846	20,895
Infrastructure - Water		7,354	5,426	8,808	23,814	18,593	18,593	23,011	24,359	30,772
Infrastructure - Sanitation		1,878	2,506	2,174	5,000	4,226	4,226	5,500	7,819	11,157
Infrastructure - Other		522	211	139	575	575	575	762	807	853
Infrastructure		27,171	34,794	38,547	75,572	70,197	70,197	55,176	68,428	81,627
Community		1,786	2,036	1,550	8,014	7,249	7,249	5,140	5,655	5,983
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2,232	6,402	40,308	20,051	14,645	14,645	11,607	12,295	13,008
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		426,489	645,792	812,953	186,068	174,521	174,521	159,293	183,976	207,427
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	4.7%	1.5%	1.5%	5.9%	25.9%	22.8%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	16.8%	5.8%	5.8%	17.2%	72.7%	62.7%
<b>R&amp;M as a % of PPE</b>		0.7%	0.6%	1.3%	2.4%	2.1%	2.1%	1.0%	1.2%	1.4%
<b>Renewal and R&amp;M as a % of PPE</b>		1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	1.0%	2.0%	2.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality is not in a position to meet the requirements due to its limited revenue base.

**Table 20 MBRR Table A10 - Basic Service Delivery Measurement**

NW372 Madibeng - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		61,500	73,520	73,520	35,662	35,662	35,662	35,662	35,662	35,662
Piped water inside yard (but not in dwelling)		46,500	73,520	73,520	73,520	73,520	73,520	73,520	73,520	73,520
Using public tap (at least min.service level)	2	24,500	4,880	4,880	4,880	4,880	4,880	4,880	4,880	4,880
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		132,500	151,920	151,920	114,062	114,062	114,062	114,062	114,062	114,062
Using public tap (< min.service level)	3	24,500	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		24,500	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
<b>Total number of households</b>	5	157,000	179,520	179,520	141,662	141,662	141,662	141,662	141,662	141,662
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		44,405	44,405	44,405	44,405	44,405	44,405	44,405	44,405	44,405
Flush toilet (with septic tank)		2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		11,735	11,735	11,735	11,735	11,735	11,735	11,735	11,735	11,735
Other toilet provisions (> min.service level)		37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123
<i>Minimum Service Level and Above sub-total</i>		95,707	95,707	95,707	95,707	95,707	95,707	95,707	95,707	95,707
Bucket toilet		47,428	3,049	3,049	3,049	3,049	3,049	3,049	3,049	3,049
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		9,321	9,321	9,321	9,321	9,321	9,321	9,321	9,321	9,321
<i>Below Minimum Service Level sub-total</i>		56,749	12,370	12,370	12,370	12,370	12,370	12,370	12,370	12,370
<b>Total number of households</b>	5	152,456	108,077	108,077	108,077	108,077	108,077	108,077	108,077	108,077
<b>Energy:</b>										
Electricity (at least min.service level)		65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Electricity - prepaid (min.service level)		39,000	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		104,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	29,983	29,983	29,983	29,983	29,983	29,983	29,983	29,983
<i>Below Minimum Service Level sub-total</i>		-	29,983	29,983	29,983	29,983	29,983	29,983	29,983	29,983
<b>Total number of households</b>	5	104,000	94,983	94,983	94,983	94,983	94,983	94,983	94,983	94,983
<b>Refuse:</b>										
Removed at least once a week		41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364
<i>Minimum Service Level and Above sub-total</i>		41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364	41,364
Removed less frequently than once a week		29,374	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Using communal refuse dump		-	4,553	4,553	4,553	4,553	4,553	4,553	4,553	4,553
Using own refuse dump		-	96,144	96,144	96,144	96,144	96,144	96,144	96,144	96,144
Other rubbish disposal		-	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736
No rubbish disposal		-	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
<i>Below Minimum Service Level sub-total</i>		29,374	119,333	119,333	119,333	119,333	119,333	119,333	119,333	119,333
<b>Total number of households</b>	5	70,738	160,697	160,697	160,697	160,697	160,697	160,697	160,697	160,697
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		28,901	28,901	6,000	5,661	5,661	5,661	5,700	5,750	5,800
Sanitation (free minimum level service)		5,433	5,433	6,000	5,661	5,661	5,661	5,700	5,750	5,800
Electricity/other energy (50kwh per household per month)		21,000	21,000	6,000	12,450	12,450	12,450	12,500	12,600	12,700
Refuse (removed at least once a week)		5,433	5,433	6,000	5,661	5,661	5,661	5,700	5,750	5,800
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	8,091	510	600	600	600	3,802	4,071	4,347
Sanitation (free sanitation service to indigent households)		-	3	12	20	20	20	1,417	1,517	1,619
Electricity/other energy (50kwh per indigent household per month)		2,296	10,513	10,342	10,000	10,000	10,000	8,591	9,107	9,666
Refuse (removed once a week for indigent households)		-	-	-	500	500	500	3,832	4,105	4,372
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		2,296	18,607	10,864	11,120	11,120	11,120	17,642	18,801	20,004
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		28,620	30,417	32,214	34,011	34,011	34,011	60,000	60,000	60,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		42	42	42	53	53	53	56	59	63
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		121,541	121,966	28,413	4,797	4,797	4,797	20,424	21,690	22,970
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	121,541	121,966	28,413	4,797	4,797	4,797	20,424	21,690	22,970

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 4 per cent of total operating revenue.

## Part 2 – Supporting Documentation

### 3.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 3.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August ) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule. Key dates applicable to the process were:

- August 2015 – Joint strategic planning session of the Mayoral Committee and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2015/16 MTREF;
- November 2015 – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;



- January 2016 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- January 2016 – Multi-year budget proposals are submitted to the Executive Mayor for endorsement;
- February 2016 - Council considers the 2015/16 Mid-year Review and Adjustments Budget;
- February 2016 - Recommendations of the Executive Mayor are communicated to the Budget Steering Committee, and on to the respective departments. The final 2015/16 MTREF is revised accordingly;
- March 2016 - Tabling in Council of the final 2016/17 IDP and 2016/17 MTREF for public consultation;
- April 2016 – Public consultation;
- April 2016 - Closing date for written comments;
- April 2016 – finalisation of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- May 2017 - Tabling of the 2016/17 MTREF before Council for consideration and approval.

### **3.1.2 IDP and Service Delivery and Budget Implementation Plan**

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

### **3.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)

- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54 and 55 has been taken into consideration in the planning and prioritisation process.

### **3.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 21 IDP Strategic Objectives**

2015/16 Financial Year	2016/17MTREF
1. Provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Economic growth and development that sustainable job creation	2. Economic growth and development that leads to sustainable job creation
3. Fight poverty and build clean, healthy, safe and sustainable communities Integrated Social Services for empowered and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Promote sound governance Ensure financial sustainability Optimal institutional transformation to ensure capacity to achieve set objectives	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide public transport;
  - Provide municipal planning services; and
  - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective municipal cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 22 MBRR Table SA4-Reconciliation between the IDP strategic objectives and budgeted revenue**

NW372 Madibeng - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
				R thousand								
Sustainable Service - Electricity	Electricity	A		362,873	376,021	409,289	535,263	535,263	535,263	561,360	595,778	630,827
Sustainable Service - Water	Water	A		92,517	92,703	127,265	279,294	279,294	279,294	308,364	326,844	345,959
Sustainable Service - Sanitation	Sanitation	A		21,072	22,991	30,721	140,166	140,166	140,166	161,640	171,156	181,120
Sustainable Service - Waste Management	Waste Management	A		27,610	31,205	31,673	124,272	124,272	124,272	139,945	148,208	156,843
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		821	989	520	1,182	1,182	1,182	1,101	1,169	1,238
Infrastructure - Land And Housing	Land And Housing	A		1,753	2,388	2,411	2,385	2,385	2,385	3,443	3,656	3,872
Good Governance - Support Service	Support Service	B		8,368	33	26	42	42	42	-	-	-
Good Governance - Financial Management	Financial Management	B		528,261	558,104	571,393	428,095	428,095	428,095	405,471	471,140	527,791
Good Governance - Human Resources	Human Resources	B		-	-	-	-	-	-	-	-	-
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		-	-	-	-	-	-	191	203	215
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		13,830	19,051	17,226	10,287	10,287	10,287	10,216	10,477	10,742
Sustainable Service - Health	Health	A		-	-	-	-	-	-	-	-	-
Sustainable Service - Community And Others	Community And Others	A		198,934	221,346	234,221	2,459	2,459	2,459	2,270	770	815
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		8,549	(6,981)	187,558	292,461	319,139	319,139	255,211	274,393	293,717
Environmental Management - Pollution	Pollution	A		-	1	-	-	-	-	-	-	-
Good Governance - Council And Public Participation	Good Governance	A		-	-	-	-	-	-	-	-	-
Allocations To Other Priorities				-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			1	1,264,588	1,317,849	1,612,303	1,815,907	1,842,585	1,842,585	1,849,211	2,003,795	2,153,139

**Table 23 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

NW372 Madibeng - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
				R thousand								
Sustainable Service - Electricity	Electricity	A		338,968	404,261	444,175	467,779	466,795	466,795	455,781	485,578	513,833
Sustainable Service - Water	Water	A		114,781	166,342	225,466	226,632	229,995	229,995	230,060	250,263	274,840
Sustainable Service - Sanitation	Sanitation	A		14,098	16,481	19,547	23,792	26,805	26,805	28,429	32,467	38,167
Sustainable Service - Waste Management	Waste Management	A		50,912	72,459	77,201	70,254	67,145	67,145	63,887	69,249	73,960
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		8,152	13,141	15,669	15,798	15,572	15,572	15,289	16,340	17,423
Infrastructure - Land And Housing	Land And Housing	A		17,083	20,118	26,474	25,089	24,399	24,399	29,584	34,461	37,130
Good Governance - Support Service	Support Service	B		51,352	92,441	75,401	65,090	63,623	63,623	92,065	104,063	110,864
Good Governance - Financial Management	Financial Management	B		953,371	867,164	1,236,956	368,434	371,614	371,614	374,752	411,862	441,448
Good Governance - Human Resources	Human Resources	B		-	-	-	-	-	-	4,223	5,434	5,757
Planning And Development	Planning And Development	B		1,685	1,832	2,224	2,154	2,034	2,034	2,297	2,461	2,629
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		6,766	7,821	8,914	9,105	5,292	5,292	26,297	29,224	31,188
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		69,705	84,352	99,262	90,842	99,101	99,101	113,661	124,452	134,369
Sustainable Service - Health	Health	A		-	-	63	-	-	-	6,982	7,511	8,027
Sustainable Service - Community And Others	Community And Others	A		28,630	29,914	32,055	50,994	44,499	44,499	36,596	38,234	41,928
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		23,422	19,540	21,327	46,260	42,029	42,029	35,302	42,446	46,506
Environmental Management - Pollution	Pollution	A		1,426	1,637	1,749	1,708	1,335	1,335	1,604	1,741	1,860
Good Governance - Council And Public Participation	Good Governance	A		51,234	51,036	55,710	59,358	63,049	63,049	66,041	71,083	75,443
Total Expenditure			1	1,731,584	1,848,540	2,342,191	1,523,289	1,523,289	1,523,289	1,582,851	1,726,869	1,855,369

**Table 24 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

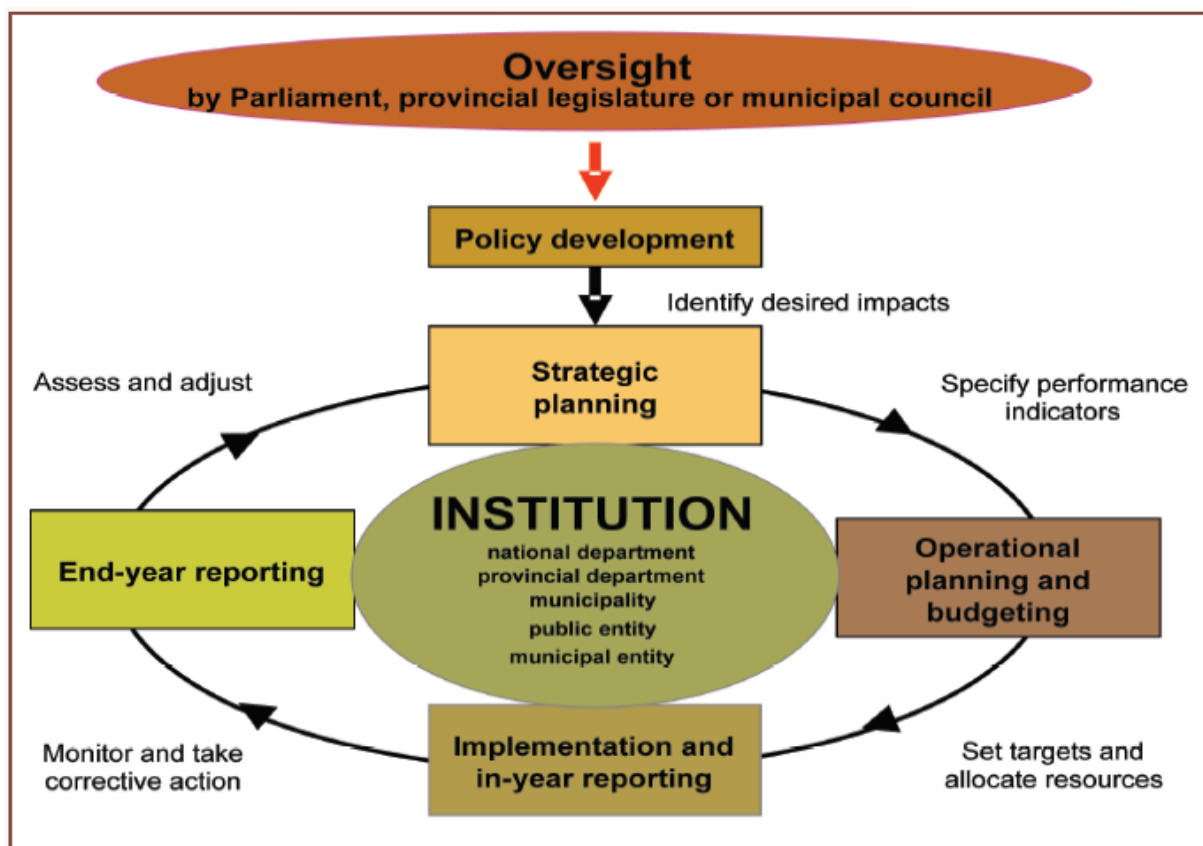
NW372 Madibeng - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
				R thousand								
Sustainable Service - Electricity	Electricity	A		8,626	9,329	12,000	24,000	22,000	22,000	13,304	21,000	25,000
Sustainable Service - Water	Water	A		137,876	70,418	33,577	79,911	102,269	102,269	74,388	67,400	110,000
Sustainable Service - Sanitation	Sanitation	A		17,623	18,200	38,684	20,000	25,600	25,600	38,500	78,800	60,000
Sustainable Service - Waste Management	Waste Management	A		905	-	10,000	2,500	22	22	-	3,500	5,362
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		-	6,480	-	2,000	-	-	-	-	-
Infrastructure - Land And Housing	Land And Husing	A		-	-	10	-	1,228	1,228	-	-	-
Good Governance - Support Service	Support Service	B		-	-	46	2,000	2,043	2,043	-	-	-
Good Governance - Financial Management	Financial Management	B		440	-	2,518	4,500	4,346	4,346	-	-	-
Good Governance - Human Resources	Human Resources	B		2,447	-	-	-	-	-	-	-	-
Planning And Development	Planning And Development	B		1,129	14,760	-	-	-	-	-	-	-
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		6,274	11,724	20,839	-	-	-	-	8,000	-
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		-	-	2,480	8,800	9,300	9,300	-	14,800	-
Sustainable Service - Health	Health	A		196	114	-	-	-	-	-	-	-
Sustainable Service - Community And Others	Community And Others	A		56,754	61,442	26,192	6,450	10,562	10,562	7,500	13,500	12,000
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		-	-	87,235	142,300	141,740	141,740	121,519	67,393	81,355
Environmental Management - Pollution	Pollution	A		61	-	-	-	-	-	-	-	-
Good Governance - Council And Public Participation	Good Governance	A		-	-	-	-	30	30	-	-	-
Total Capital Expenditure		1		232,332	192,468	233,581	292,461	319,139	319,139	255,211	274,393	293,717

### 3.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



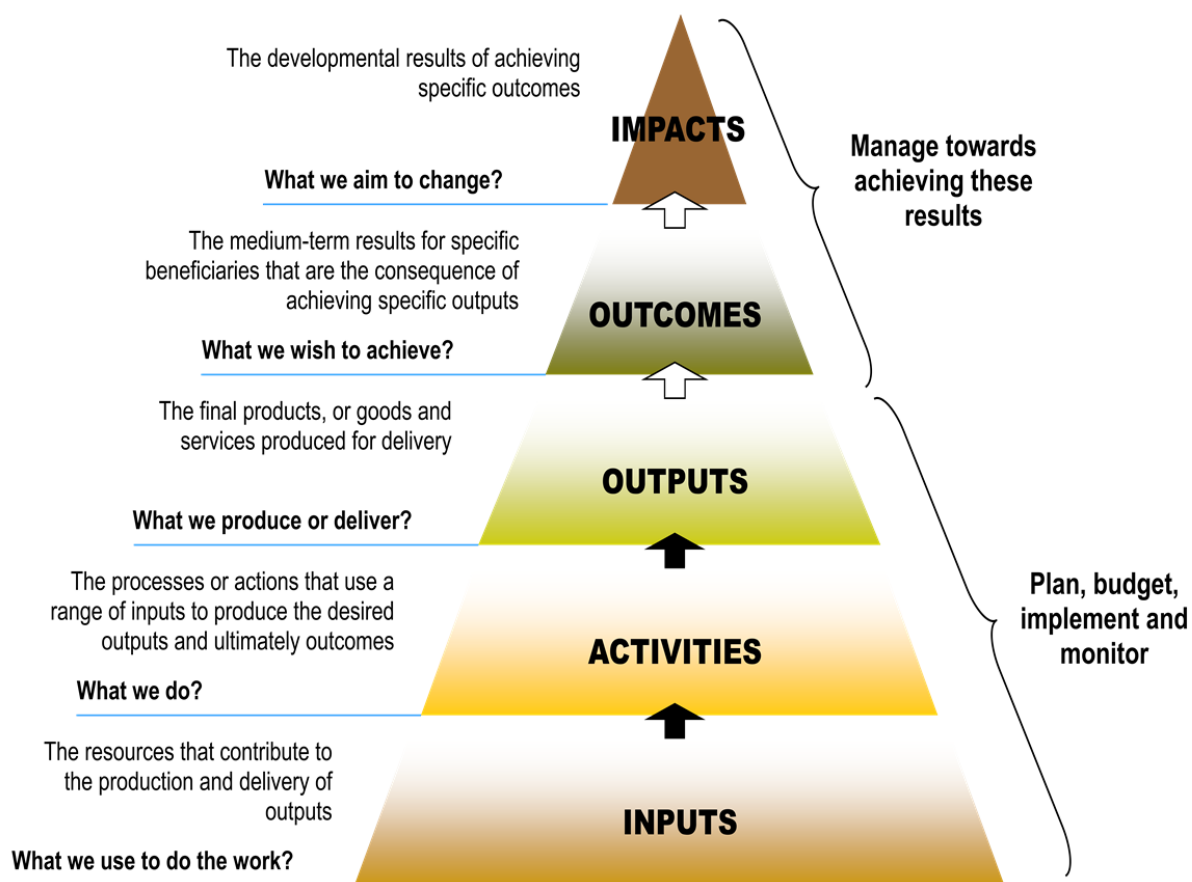
**Figure 1 Planning, budgeting and reporting cycle**

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Madibeng Local Municipality therefore has adopted one integrated performance management system that encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Madibeng Local Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:





**Figure 2 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 25 MBRR Table SA7 - Measurable performance objectives**

NW372 Madibeng - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>06 - Infrastructure And Technical Services</b>										
Electricity										
Electricity Distribution										
Electricity (At Least Min.Service Level)	Households	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00
Electricity - Prepaid (Min.Service)	Households	39,000.00	39,000.00	-	-	-	-	-	-	-
Electricity/Other Energy	Rand Value	1,545,000.00	1,545,000.00	10,188,000.00	11,070,000.00	11,070,000.00	11,070,000.00	11,874,000.00	11,874,000.00	11,874,000.00
Electricity/Other Energy (50kwh Per	Households	21,000.00	21,000.00	6,000.00	6,500.00	6,500.00	6,500.00	7,000.00	7,000.00	7,000.00
Electricity/Other Energy (50kwh Per	Rand Value	1,545,000.00	1,545,000.00	10,188,000.00	11,070,000.00	11,070,000.00	11,070,000.00	11,874,000.00	11,874,000.00	11,874,000.00
Other Energy Sources	Households	-	-	-	-	-	-	-	-	-
Electricity distribution losses	Percentage	-	-	-	23.00	23.00	23.00	19.00	19.00	19.00
High mast lights energized	Number	-	-	-	18.00	18.00	18.00	40.00	40.00	40.00
Waste Water Management										
Sewerage										
Bucket Toilet	Households	47,428.00	47,428.00	3,049.00	3,049.00	3,049.00	3,049.00	3,049.00	3,049.00	3,049.00
Flush Toilet (Connected To Sewerage)	Households	44,405.00	44,405.00	44,405.00	44,405.00	44,405.00	44,405.00	44,405.00	44,405.00	44,405.00
Flush Toilet (With Septic Tank)	Households	2,444.00	2,444.00	2,444.00	2,444.00	2,444.00	2,444.00	2,444.00	2,444.00	2,444.00
No Toilet Provisions	Households	-	-	9,321.00	9,321.00	9,321.00	9,321.00	9,321.00	9,321.00	9,321.00
Sanitation	Rand Value	1,545,000.00	1,545,000.00	175,000.00	200,000.00	200,000.00	200,000.00	227,000.00	227,000.00	227,000.00
Sanitation (Free Minimum Level	Households	5,433.00	5,433.00	6,000.00	6,500.00	6,500.00	6,500.00	7,000.00	7,000.00	7,000.00
Sanitation (Free Sanitation Service)	Rand Value	65,196.00	65,196.00	175,000.00	200,000.00	200,000.00	200,000.00	227,000.00	227,000.00	227,000.00
Number of new households connected	Number	-	-	-	-	-	-	4,180.00	4,180.00	4,180.00
Water										
Water Distribution										
Households with access to basic	Number	-	-	-	125,739.00	125,739.00	125,739.00	3,000.00	3,000.00	3,000.00
Piped Water Inside Dwelling	Households	61,500.00	61,500.00	35,662.00	35,662.00	35,662.00	35,662.00	65,000.00	65,000.00	65,000.00
Piped Water Inside Yard (But Not In	Households	46,500.00	46,500.00	73,520.00	73,520.00	73,520.00	73,520.00	51,350.00	51,350.00	51,350.00
Using Public Tap (< Min.Service Level)	Households	24,500.00	24,500.00	27,600.00	27,600.00	27,600.00	27,600.00	27,600.00	27,600.00	27,600.00
Using Public Tap (At Least Min.Service)	Households	24,500.00	24,500.00	4,880.00	4,880.00	4,880.00	4,880.00	4,880.00	4,880.00	4,880.00
Water	Rand Value	5,619,000.00	5,619,000.00	469,000.00	454,000.00	454,000.00	454,000.00	515,000.00	576,000.00	637,000.00
Water (6 Kilolitres Per Household Per	Households	28,901.00	28,901.00	6,000.00	6,500.00	6,500.00	6,500.00	7,000.00	7,000.00	7,000.00
Water (6 Kilolitres Per Household Per	Rand Value	1,387,250.00	1,387,250.00	469,000.00	545,000.00	545,000.00	545,000.00	515,000.00	515,000.00	515,000.00
<b>07 - Community Services</b>										
Waste Management										
Solid Waste										
No Rubbish Disposal	Households	-	-	14,800.00	14,800.00	14,800.00	14,800.00	14,800.00	14,800.00	14,800.00
Other Rubbish Disposal	Households	-	-	1,736.00	1,736.00	1,736.00	1,736.00	1,736.00	1,736.00	1,736.00
Refuse	Rand Value	1,545,000.00	1,545,000.00	2,965,000.00	3,385,000.00	3,385,000.00	3,385,000.00	3,612,000.00	3,612,000.00	3,612,000.00
Refuse (Removed At Least Once A	Households	5,433.00	5,433.00	6,000.00	6,500.00	6,500.00	6,500.00	7,000.00	7,000.00	7,000.00
Refuse (Removed Once A Week)	Rand Value	1,545,000.00	1,545,000.00	2,965,000.00	3,385,000.00	3,385,000.00	3,385,000.00	3,612,000.00	3,612,000.00	3,612,000.00
Removed At Least Once A Week	Households	47,506.00	47,506.00	41,364.00	41,364.00	41,364.00	41,364.00	41,364.00	41,364.00	41,364.00
Removed Less Frequently Than Once	Households	29,374.00	29,374.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00
Using Communal Refuse Dump	Households	-	-	4,553.00	4,553.00	4,553.00	4,553.00	4,553.00	4,553.00	4,553.00
Using Own Refuse Dump	Households	-	-	96,144.00	96,144.00	96,144.00	96,144.00	96,144.00	96,144.00	96,144.00
<b>08 - Human Settlement</b>										
Housing										
Housing										
Property Rates (Other Exemptions)	Rand Value	28,620,000.00	28,620,000.00	60,600,000.00	-	-	-	-	-	-
Property Rates (R15 000 Threshold	Rand Value	-	-	717,000.00	717,000.00	717,000.00	717,000.00	717,000.00	717,000.00	717,000.00

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

**Table 26 MBRR Table SA8 - Performance indicators and benchmarks**

NW372 Madibeng - Supporting Table SA8 Performance indicators and benchmarks

		2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.0%	4.8%	4.3%	2.3%	2.3%	2.3%	7.5%	0.6%	0.6%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11.3%	11.6%	10.2%	3.3%	3.3%	3.3%	10.0%	0.9%	0.9%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0.4	0.4	0.8	1.4	1.4	1.4	-	1.6	2.3	2.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.4	0.8	1.4	1.4	1.4	-	1.6	2.3	2.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.1	0.1	1.0	1.0	1.0	-	0.4	0.9	1.4
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		84.0%	88.3%	77.9%	78.5%	78.5%	78.5%	88.6%	81.0%	80.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		84.0%	88.3%	77.9%	78.5%	78.5%	78.5%	88.6%	81.0%	80.7%	80.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	4.7%	10.7%	23.2%	5.1%	5.1%	5.1%	0.0%	15.7%	14.4%	13.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		754.9%	-7629.2%	2576.9%	108.3%	131.3%	131.3%	0.0%	183.7%	95.5%	60.5%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	162704647	119191598.1	75678549.3	32165500.47	11347548.36	54860597.19	98373646.02	141886694.8	185399743.7	228912792.5
	Total Cost of Losses (Rand '000)	195,790	133,132	70,473	7,814	54,845	117,504	180,163	242,822	305,481	368,140
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	-	-	-
Water Distribution Losses (2)	Total Volume Losses (k?)	17,402	21,644	25,885	30,126	34,367	38,608	42,849	47,090	51,331	55,572
	Total Cost of Losses (Rand '000)	234011984.3	230884930.9	227757877.5	224630824.1	221503770.7	218376717.3	215249664	212122610.6	208995557.2	205868503.8
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.4%	27.1%	23.9%	22.4%	22.4%	22.4%	22.6%	23.3%	23.2%	23.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.1%	30.3%	25.4%	17.0%	17.0%	17.0%		25.1%	24.8%	24.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.0%	4.0%	5.9%	6.8%	6.0%	6.0%		4.5%	5.0%	5.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	45.2%	64.1%	61.4%	6.1%	6.1%	6.1%	6.5%	6.1%	6.3%	6.3%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	185.8	201.6	11.6	12.4	12.4	12.4	10.7	13.1	13.1	13.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	7.5%	16.8%	35.6%	8.1%	8.1%	8.1%	0.0%	26.2%	24.7%	23.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.3	(0.0)	0.2	1.5	1.2	1.2	1.9	0.8	1.3	1.8

### 3.3.1 Performance indicators and benchmarks

#### 3.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Madibeng Municipality's borrowing strategy is primarily informed by the affordability of debt repayments

#### 3.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overfinal and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2016/17 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective.

#### 3.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 1.5 in the 2016/17 financial year and 1.8 and 2.0 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

#### 3.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### 3.3.1.5 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

#### 3.3.1.6 Other Indicators

- The water and electricity distribution losses are of serious concern and provision has been made in the capital budget for water loss control equipment.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.

### 3.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### 3.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the municipality's bulk water needs are provided directly by Rand Water and the City of Tswane in the form of purified water. The remaining 29 per cent is generated from the municipality's own water sources, such as boreholes and national dams such as Hartebeespoort.

## 3.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### 3.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council in May 2015 are currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to

achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the funds provided in the EPWP should aim to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

#### **3.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **3.4.3 Budget Approval Policy**

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **3.4.4 Supply Chain Management Policy**

Council adopted the Supply Chain Management Policy in May 2015. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. A Standard Operating Procedure Manual on SCM has been developed and implemented.

#### **3.4.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

### **3.4.6 Cash Management and Investment Policy**

The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

### **3.4.7 Tariff Policies**

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy has been revised and is submitted for approval. Provision for a 100 per cent subsidy for indigents and pensioners has been provided.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy.

## **3.5 Overview of budget assumptions**

### **3.5.1 External factors**

The official unemployment rate of the labour force.

The total number of unemployed people

### **3.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

### **3.5.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2016/17

MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

#### **3.5.4 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70 per cent) of annual billings. Cash flow is assumed to be 70 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **3.5.5 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

It is important to note that Madibeng is a predominately rural municipality with many towns and villages under traditional management with limited revenue derived from the informal villages. Formalisation of these rural villages should be addressed as a high priority to broaden the municipality's revenue base.

#### **3.5.6 Salary increases**

Provision has been made for a 7.6% salary increase in terms of the guidelines from National Treasury

#### **3.5.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:



- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **3.5.8 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

## **3.6 Overview of budget funding**

### **3.6.1 Medium-term outlook: operating revenue**

The municipality has set cost reflective tariffs based on cost drivers, and consideration was given to primary and secondary costs of services to be provided including local economic conditions. Serious consideration was given to affordability of services by the consumers and tariff increase are to be set at 6.6% in line with SARB inflation target and as guided by National Treasury except for trading services such as electricity, sanitation and water which are derived from costs to be incurred.

The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision. However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that charges to be levied must be collected

The proposed tariff increases from various sector departments were also considered.

- NERSA approval on municipal electricity tariffs of 7.86% per cent;
- Rand-Water tariff increase and;
- City of Tshwane Tariff increase.

### **3.6.2 Medium-term outlook: capital revenue**

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

**Table 27 Sources of capital revenue over the MTREF**

Description	Approved Budget	Adjustment Budget	YTD Recieved	Proj Inc/Exp	Budget	Budget	Budget
	2015/16	2015/16	2015/16	2015/16	2016/17	2017/18	2018/19
Municipal Infrastructure Grant	248 461	248 461	248 461	248 461	242 907	262 393	278 717
Integrated National Electrification Programme	21 000	21 000	21 000	21 000	12 304	12 000	15 000
DWA Refurbishment	15 000	17 800	17 800	17 800			
Library NWPG C/Building Grant		900	900	900			
MWIG		20 028	20 028	20 028			
<b>Total Capital Grants and Subsidies</b>	<b>284 461</b>	<b>308 189</b>	<b>308 189</b>	<b>308 189</b>	<b>255 211</b>	<b>274 393</b>	<b>293 717</b>

**Figure 8 Sources of capital revenue for the 2016/17 financial year**

The Capital Budget for the 2016/2017 financial year has been projected at R255.2. It is a decrease of R63.9 million from the Adjustment Capital Budget and R37.2 million from the Approved Capital Budget. The two outer financial years the Capital Budget is projected at R274.3 million and R293.7. The proposed Capital Budget is entirely based on the IDP priorities of the municipality in order to achieve National targets on service provision. The IDP as the principal strategic planning instrument has guided and informed the planning during the budget process

Capital grants and receipts equates to 92 per cent of the total funding source which represents R265 678 million for the 2014/15 financial year and steadily increase to R288 264 million or 100 per cent by 2016/17.

As explained earlier, the borrowing capacity of the municipality has essentially reached its limits and going forward borrowing limits will remain nominal if any.

The following table is a detailed analysis of the municipality's borrowing liability.

**Table 28 MBRR Table SA 17 - Detail of borrowings**

The following graph illustrates the growth in outstanding and decrease in borrowing for the 2014/2015 to 2016/17 period.

NW372 Madibeng - Supporting Table SA17 Borrowing

WS22 Auditing - Supporting Table SA7: Borrowing										
Borrowing - Categorised by type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)		718,790	683,345	776,928	548,887	548,887	548,887	553,887	562,887	571,887
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		58	-	-	1,113	1,113	1,113	1,113	1,113	1,113
PPP liabilities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	718,848	683,345	776,928	550,000	550,000	550,000	555,000	564,000	573,000
Total Borrowing	1	718,848	683,345	776,928	550,000	550,000	550,000	555,000	564,000	573,000

**Table 29 MBRR Table SA 18 - Capital transfers and grant receipts**

NW372 Madibeng - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		276,033	310,910	369,770	467,993	467,993	467,993	515,319	584,215	647,023
Water Services Operating Subsidy		-	-	-	-	-	-	-	-	-
Epwp Incentiv e		-	-	-	2,020	2,020	2,020	1,545	-	-
Equitable Share		273,733	308,470	367,236	457,443	457,443	457,443	506,149	576,167	638,352
Municipal Infrastructure Grant		-	-	-	6,000	6,000	6,000	6,000	6,348	6,716
Municipal System Improvement Grant		800	890	934	930	930	930	-	-	-
Local Government Financial Management Gr		1,500	1,550	1,600	1,600	1,600	1,600	1,625	1,700	1,955
Lgseta		-	-	-	-	-	-	-	-	-
Water: Dora Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	400	400	400	-	-	-
Health Subsidy		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Sport And Recreation		-	-	-	-	-	-	-	-	-
Fire And Emergency Grant In Aid		-	-	-	-	-	-	-	-	-
Library Nwpg C/Building Grant		-	-	-	400	400	400	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Other transfers/grants		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Other transfers/grants		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	276,033	310,910	369,770	468,393	468,393	468,393	515,319	584,215	647,023
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		215,014	239,362	254,337	284,461	284,461	284,461	255,211	274,393	293,717
Current Year Receipts		215,014	239,362	254,337	284,461	284,461	284,461	255,211	274,393	293,717
<b>Provincial Government:</b>		-	-	-	-	900	900	-	-	-
Current Year Receipts		-	-	-	-	900	900	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Current Year Receipts		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Current Year Receipts		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	215,014	239,362	254,337	284,461	285,361	285,361	255,211	274,393	293,717
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		491,047	550,272	624,107	752,854	753,754	753,754	770,530	858,608	940,740

### 3.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 30 MBRR Table A7 - Budget cash flow statement**

NW372 Madibeng - Table A7 Budgeted Cash Flows

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
			162,016	157,715	263,849	249,515	249,515	249,515	143,940	233,599	245,082	260,719
			385,113	448,314	426,747	501,301	501,301	501,301	525,612	537,522	570,849	604,529
			31,251	27,835	13,098	27,156	27,156	27,156	105,284	28,671	30,077	31,497
	1		276,033	310,910	369,770	468,393	468,393	468,393	458,842	515,319	584,215	647,023
	1		215,014	239,362	254,337	284,461	284,461	284,461	276,095	255,211	274,393	293,717
			16,424	3,442	3,750	60,578	60,578	60,578	11,245	77,600	82,411	87,273
			-	-	-	-	-	-	-	-	-	-
Payments												
			(889,702)	(1,032,496)	(1,083,349)	(1,190,939)	(1,190,939)	(1,190,939)	(1,171,682)	(1,309,481)	(1,430,083)	(1,544,214)
			(122)	(0)	(141)	(10,000)	(10,000)	(10,000)	(41,221)	(10,000)	(10,580)	(11,194)
	1		-	-	-	(33,459)	(33,459)	(33,459)	(19,851)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			196,027	155,082	248,061	357,006	357,006	357,006	288,264	328,441	346,364	369,351
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
			69,211	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	1,981	165	60,260	60,260	60,260	-	-	-	-
Payments												
			(232,332)	(192,858)	(233,581)	(292,461)	(319,139)	(319,139)	(156,768)	(255,211)	(274,394)	(293,717)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(163,120)	(190,877)	(233,416)	(232,201)	(258,879)	(258,879)	(156,768)	(255,211)	(274,394)	(293,717)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
Payments												
			(8,580)	(722)	(58)	(24,550)	(24,550)	(24,550)	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			(8,580)	(722)	6,346	10,450	10,450	10,450	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			24,327	(36,517)	20,990	135,255	108,577	108,577	131,497	73,230	71,970	75,634
	2		8,337	32,664	(3,854)	17,136	17,136	17,136	17,136	17,136	90,367	162,336
	2		32,664	(3,854)	17,136	152,392	125,714	125,714	148,633	90,367	162,336	237,970

The above table shows that the cash and cash equivalents of the municipality were largely depleted but will increase with the strict debt collection that will be implemented during the last quarter of the 2015/16 financial year.

### Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might

indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 31 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

NW372 Madibeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

WWS2 Medium Term Table A6 Cash backed reserves/accumulated surplus/recommendation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	32,664	(3,854)	17,136	152,392	125,714	125,714	148,633	90,367	162,336	237,970
Other current investments > 90 days		4,999	0	3,019	37,608	64,286	64,286	(148,633)	0	(0)	(0)
Non current assets - Investments	1	-	11,733	12,197	23,832	23,832	23,832	-	13,150	14,000	15,000
Cash and investments available:		37,663	7,880	32,353	213,832	213,832	213,832	-	103,517	176,336	252,970
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	5,194	-	-	-	-	17,000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	219,248	200,564	288,956	107,415	107,415	107,415	-	(20,498)	(30,795)	(40,878)
Other provisions		120,190	146,031	161,143	101,600	101,600	101,600	-	102,400	102,900	103,400
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		339,438	346,596	455,292	209,015	209,015	209,015	-	98,902	72,105	62,522
Surplus(shortfall)		(301,775)	(338,716)	(422,939)	4,817	4,817	4,817	-	4,615	104,231	190,448

### 3.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA

#### 3.6.4.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

#### 3.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### 3.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality

be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

#### *3.6.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *3.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue

#### *3.6.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget

#### *3.6.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *3.6.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *3.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded

#### *3.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

#### *3.6.4.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtors accounts within 30 days.

#### *3.6.4.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

#### *3.6.4.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and

future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

### 3.7 Expenditure on grants and reconciliations of unspent funds

**Table 32 MBRR SA19 - Expenditure on transfers and grant programmes**

NW372 Madibeng - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		276,033	310,910	369,770	467,993	467,993	467,993	515,319	584,215	647,023
Water Services Operating Subsidy		-	-	-	-	-	-	-	-	-
Epwp Incentive		-	-	-	2,020	2,020	2,020	1,545	-	-
Equitable Share		273,733	308,470	367,236	457,443	457,443	457,443	506,149	576,167	638,352
Municipal Infrastructure Grant		-	-	-	6,000	6,000	6,000	6,000	6,348	6,716
Municipal System Improvement Grant		800	890	934	930	930	930	-	-	-
Local Government Financial Management Grant		1,500	1,550	1,600	1,600	1,600	1,600	1,625	1,700	1,955
Provincial Government:		-	-	-	400	400	400	-	-	-
Other transfers/grants		-	-	-	400	400	400	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other transfers/grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Other transfers/grants		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		276,033	310,910	369,770	468,393	468,393	468,393	515,319	584,215	647,023
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		215,014	235,797	254,232	284,461	283,438	283,438	255,211	274,393	293,717
Municipal Infrastructure Grant (Mig)		198,870	224,147	236,232	248,461	247,438	247,438	242,907	262,393	278,717
Department Of Water Affairs		11,544	3,000	8,000	21,000	21,000	21,000	12,304	12,000	15,000
Integrated National Electrification Programme		4,600	8,650	10,000	15,000	15,000	15,000	-	-	-
Provincial Government:		-	-	105	-	1,923	1,923	-	-	-
Other Departments		-	2,854	-	-	900	900	-	-	-
Sport And Recreation		-	836	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	3,565	-	-	-	-	-	-	-
Other capital transfers/grants		-	3,565	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		215,014	239,362	254,337	284,461	285,361	285,361	255,211	274,393	293,717
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		491,047	550,272	624,107	752,854	753,754	753,754	770,530	858,608	940,740



**Table 33 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

NW372 Madibeng - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Operating transfers and grants:</b>		1,3									
<b>National Government:</b>											
Balance unspent at beginning of the year											
Current year receipts			276,033	310,910	369,770	468,393	468,393	468,393	515,319	584,215	647,023
Conditions met - transferred to revenue			276,033	310,910	369,770	468,393	468,393	468,393	515,319	584,215	647,023
Conditions still to be met - transferred to liabilities											
<b>Provincial Government:</b>											
Balance unspent at beginning of the year											
Current year receipts			-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>District Municipality:</b>											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>Other grant providers:</b>											
Balance unspent at beginning of the year											
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities											
<b>Total operating transfers and grants revenue</b>			276,033	310,910	369,770	468,393	468,393	468,393	515,319	584,215	647,023
<b>Total operating transfers and grants - CTBM</b>		2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>		1,3									
<b>National Government:</b>											
Balance unspent at beginning of the year			111,576	-	3,086	-	-	-	-	-	-
Current year receipts			97,869	192,852	221,106	279,461	308,312	308,312	255,211	274,393	293,717
Conditions met - transferred to revenue			209,445	192,852	224,193	279,461	308,312	308,312	255,211	274,393	293,717
Conditions still to be met - transferred to liabilities			-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>											
Balance unspent at beginning of the year			2,663	3,063	3,173	-	-	-	-	-	-
Current year receipts			400	1,254	1,364	-	-	-	-	-	-
Conditions met - transferred to revenue			-	(1,942)	(375)	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			3,063	6,259	4,912	-	-	-	-	-	-
<b>District Municipality:</b>											
Balance unspent at beginning of the year			-	-	-	-	-	-	-	-	-
Current year receipts											
Conditions met - transferred to revenue			-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities			-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>											
Balance unspent at beginning of the year					364	-	-	-	-	-	-
Current year receipts											
Conditions met - transferred to revenue			-	(364)	364	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities				364	-						
<b>Total capital transfers and grants revenue</b>			209,445	190,546	224,181	279,461	308,312	308,312	255,211	274,393	293,717
<b>Total capital transfers and grants - CTBM</b>		2	3,063	6,623	4,912	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>			485,478	501,456	593,951	747,854	776,705	776,705	770,530	858,608	940,740
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>			3,063	6,623	4,912	-	-	-	-	-	-

### 3.8 Councillor and employee benefits

**Table 34 MBRR SA22 - Summary of councillor and staff benefits**

NW372 Madibeng - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Councillors (Political Office Bearers plus Other)</b>	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		11,132	13,132	–	12,672	12,672	12,672	17,995	19,313	20,560
Pension and UIF Contributions		1,581	2,381	1,463	1,373	1,373	1,373	1,447	1,537	1,627
Medical Aid Contributions		1,244	1,244	675	634	634	634	2,814	2,988	3,165
Motor Vehicle Allowance		4,454	5,454	5,066	4,752	4,752	4,752	5,409	5,744	6,083
Cellphone Allowance		968	1,677	1,351	1,267	1,267	1,267	1,336	1,418	1,502
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
<b>Sub Total - Councillors</b>		<b>19,378</b>	<b>23,887</b>	<b>8,555</b>	<b>20,698</b>	<b>20,698</b>	<b>20,698</b>	<b>29,000</b>	<b>31,000</b>	<b>32,937</b>
% increase	4		23.3%	(64.2%)	141.9%	–	–	40.1%	6.9%	6.2%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		4,950	6,424	6,696	5,474	5,474	5,474	7,867	8,355	8,848
Pension and UIF Contributions		950	1,986	1,473	1,067	1,067	1,067	1,599	1,698	1,798
Medical Aid Contributions		260	527	485	301	301	301	640	679	719
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	38	42	49	48	48	48	51	54	57
Cellphone Allowance	3	50	70	72	74	74	74	79	84	89
Housing Allowances	3	348	1,200	1,941	411	411	411	1,504	1,597	1,691
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>		<b>6,596</b>	<b>10,249</b>	<b>10,716</b>	<b>7,374</b>	<b>7,374</b>	<b>7,374</b>	<b>11,739</b>	<b>12,467</b>	<b>13,202</b>
% increase	4		55.4%	4.6%	(31.2%)	–	–	59.2%	6.2%	5.9%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		150,819	172,275	174,239	151,556	151,556	151,556	230,619	249,302	264,246
Pension and UIF Contributions		31,633	41,376	48,825	29,819	29,819	29,819	51,787	55,205	58,462
Medical Aid Contributions		19,518	21,139	23,941	14,914	14,914	14,914	20,898	22,277	23,592
Overtime		6,906	27,639	31,843	17,683	17,683	17,683	25,850	27,556	29,182
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	11,382	16,087	17,687	11,804	11,804	11,804	16,583	17,678	18,720
Cellphone Allowance	3	2,186	2,186	280	159	159	159	400	426	452
Housing Allowances	3	1,691	1,079	1,195	864	864	864	1,921	2,048	2,168
Other benefits and allowances	3	–	–	20,220	–	–	–	–	–	–
Payments in lieu of leave		2,858	10,748	7,571	3,643	3,643	3,643	10,884	11,602	12,286
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
<b>Sub Total - Other Municipal Staff</b>		<b>226,993</b>	<b>292,527</b>	<b>325,801</b>	<b>230,441</b>	<b>230,441</b>	<b>230,441</b>	<b>358,941</b>	<b>386,093</b>	<b>409,108</b>
% increase	4		28.9%	11.4%	(29.3%)	–	–	55.8%	7.6%	6.0%
<b>Total Parent Municipality</b>		<b>252,967</b>	<b>326,663</b>	<b>345,073</b>	<b>258,513</b>	<b>258,513</b>	<b>258,513</b>	<b>399,680</b>	<b>429,560</b>	<b>455,248</b>
			29.1%	5.6%	(25.1%)	–	–	54.6%	7.5%	6.0%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>252,967</b>	<b>326,663</b>	<b>345,073</b>	<b>258,513</b>	<b>258,513</b>	<b>258,513</b>	<b>399,680</b>	<b>429,560</b>	<b>455,248</b>
% increase	4		29.1%	5.6%	(25.1%)	–	–	54.6%	7.5%	6.0%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>233,589</b>	<b>302,776</b>	<b>336,518</b>	<b>237,815</b>	<b>237,815</b>	<b>237,815</b>	<b>370,680</b>	<b>398,560</b>	<b>422,311</b>

**Table 35 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

NW372 Madibeng - Supporting Table SA23 Salaries, allowances &amp; benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	316,457	64,748	145,908	-		527,113
Chief Whip		1	295,741	61,641	137,964	-		495,346
Executive Mayor		1	400,214	76,296	196,584	-		673,094
Deputy Executive Mayor								-
Executive Committee		5	3,253,151	739,692	1,652,328	-		5,645,171
Total for all other councillors		81	12,488,037	2,882,323	6,288,916	-		21,659,276
<b>Total Councillors</b>	8	89	16,753,600	3,824,700	8,421,700			29,000,000
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	706,200	214,037	226,192	58,850		1,205,279
Chief Finance Officer		1	774,852	230,513	353,412	64,571		1,423,348
Chief Operating Officer		1	549,552	176,441	197,419	45,796		969,208
Director Infrastructure Technical Services		1	609,900	190,925	250,206	50,825		1,101,856
Director Corporate Support Services		1	595,518	187,473	181,645	49,627		1,014,263
Director Human Settlement Planning		1	577,800	183,221	190,229	48,150		999,400
Director Community Services		1	513,600	167,813	234,727	42,800		958,940
Director Public Safety & Social Services		1	590,640	186,302	203,500	49,220		1,029,662
Director Economic Development Tourism & Agriculture		1	584,880	184,920	162,549	48,740		981,089
Advisor Strategic Support Policy Monitoring & Evaluation		1	820,716	241,521	198,607	68,393		1,329,237
Chief Audit Executive		1	820,716	181,994	53,421	-		1,056,131
<i>List of each official with packages &gt;= senior manager</i>								-
<b>Total Senior Managers of the Municipality</b>	8,10	11	7,144,374	2,145,160	2,251,907	526,972		12,068,413
<b>A Heading for Each Entity</b>	6,7							-
<b>Total for municipal entities</b>	8,10	-	-	-	-	-		-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	100	23,897,974	5,969,860	10,673,607	526,972		41,068,413

**Table 36 MBRR SA24 – Summary of personnel numbers**

NW372 Madibeng - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		72	–	72	72	–	72	81	–	81
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	7	7	–	10	10	–	10	10	–
Other Managers	7									
Professionals		40	40	–	40	40	7	40	40	10
<i>Finance</i>		40	40	–	40	40	7	40	40	10
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Technicians		1,350	651	–	1,350	651	–	1,350	651	–
<i>Finance</i>		50	50	–	50	50	–	50	50	–
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Clerks (Clerical and administrative)		1,300	601	–	1,300	601	–	1,300	601	–
Service and sales workers		301	301	–	301	301	–	301	301	–
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		30	21	–	30	21	–	30	21	–
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	1,800	1,020	72	1,803	1,023	79	1,812	1,023	91
<b>% increase</b>					0.2%	0.3%	9.7%	0.5%	–	15.2%
<b>Total municipal employees headcount</b>	6, 10	1,728	1,020	–	1,731	1,023	7	1,731	1,023	10
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

### **3.9 Monthly targets for revenue, expenditure and cash flow**

**Table 37 MBRR SA25 - Budgeted monthly revenue and expenditure**

NW372 Madibeng - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue By Source																
Property rates		24,548	24,548	24,548	24,548	24,548	24,548	24,548	24,548	24,548	24,548	24,548	24,548	294,576	312,840	331,297
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue		39,916	39,916	39,916	39,916	39,916	39,916	39,916	39,916	39,916	39,916	39,916	5,926	445,000	472,590	500,473
Service charges - water revenue		12,635	12,635	12,635	12,635	12,635	12,635	12,635	12,635	12,635	12,635	12,635	8,518	147,500	156,645	165,887
Service charges - sanitation revenue		2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	7,830	35,000	37,170	39,363
Service charges - refuse revenue		2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446	3,091	30,000	31,860	33,740
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		146	146	146	146	146	146	146	146	146	146	146	146	1,755	1,864	1,974
Interest earned - external investments		633	633	633	633	633	633	633	633	633	633	633	633	7,600	8,071	8,547
Interest earned - outstanding debtors		5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000	74,340	78,726
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		44	44	44	44	44	44	44	44	44	44	44	44	530	563	596
Licences and permits		283	283	283	283	283	283	283	283	283	283	283	283	3,400	3,611	3,824
Agency services		500	500	500	500	500	500	500	500	500	500	500	500	6,000	6,000	6,000
Transfers recognised - operational		171,773	-	-	-	171,773	-	-	-	171,773	-	-	-	515,319	584,215	647,023
Other revenue		3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	3,110	37,320	39,634	41,972
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		264,338	92,565	92,565	92,565	264,338	92,565	92,565	92,565	264,338	92,565	92,565	60,463	1,594,000	1,729,402	1,859,422
Expenditure By Type																
Employee related costs		33,041	33,041	33,041	33,041	33,041	33,041	33,041	33,041	33,041	33,041	33,041	7,224	370,680	400,873	428,809
Remuneration of councillors		2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	2,316	3,521	29,000	31,000	32,937
Debt impairment		15,684	15,684	15,684	15,684	15,684	15,684	15,684	15,684	15,684	15,684	15,684	28,476	201,000	220,158	238,953
Depreciation & asset impairment		7,425	7,425	7,425	7,425	7,425	7,425	7,425	7,425	7,425	7,425	7,425	5,693	87,370	97,598	106,809
Finance charges		833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,580	11,194
Bulk purchases		42,917	42,917	42,917	42,917	42,917	42,917	42,917	42,917	42,917	42,917	42,917	42,917	515,000	544,870	576,472
Other materials		6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	80,943	97,672	115,529
Contracted services		12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	146,250	166,639	176,500
Transfers and grants		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	28,450	29,200
Other expenditure		9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	117,608	129,029	138,966
Loss on disposal of PPE														-	-	-
Total Expenditure		133,034	133,034	133,034	133,034	133,034	133,034	133,034	133,034	133,034	133,034	133,034	119,481	1,582,851	1,726,869	1,855,369
Surplus/(Deficit)																
Transfers recognised - capital		131,305	(40,468)	(40,468)	(40,468)	131,305	(40,468)	(40,468)	(40,468)	131,305	(40,468)	(40,468)	(59,018)	11,149	2,533	4,053
Contributions recognised - capital		85,070	-	-	-	85,070	-	-	-	85,070	-	-	-	255,211	274,393	293,717
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		216,375	(40,468)	(40,468)	(40,468)	216,375	(40,468)	(40,468)	(40,468)	216,375	(40,468)	(40,468)	(59,018)	266,360	276,926	297,770
Taxation																
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	216,375	(40,468)	(40,468)	(40,468)	216,375	(40,468)	(40,468)	(40,468)	216,375	(40,468)	(40,468)	(59,018)	266,360	276,926	297,770

**Table 38 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

NW372 Madibeng - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	405,471	471,140	527,791
Vote 06 - Infrastructure And Technical Services		85,947	85,947	85,947	85,947	85,947	85,947	85,947	85,947	85,947	85,947	85,947	85,947	1,031,363	1,093,778	1,157,906
Vote 07 - Community Services		11,501	11,501	11,501	11,501	11,501	11,501	11,501	11,501	11,501	11,501	11,501	14,720	141,237	149,580	158,297
Vote 08 - Human Settlement		216	216	216	216	216	216	216	216	216	216	216	1,066	3,443	3,656	3,872
Vote 09 - Economic Dev, tourism & Agric		85,819	-	-	-	85,819	-	-	-	85,819	-	-	-	257,456	275,136	294,504
Vote 10 - Public Safety		907	907	907	907	907	907	907	907	907	907	907	261	10,241	10,504	10,770
Total Revenue by Vote		218,180	132,361	132,361	132,361	218,180	132,361	132,361	132,361	218,180	132,361	132,361	135,784	1,849,211	2,003,795	2,153,139
Expenditure by Vote to be appropriated																
Vote 01 - Executive Council		3,127	3,127	3,127	3,127	3,127	3,127	3,127	3,127	3,127	3,127	3,127	2,317	36,712	39,137	41,488
Vote 02 - Municipal Manager		772	772	772	772	772	772	772	772	772	772	772	1,473	9,969	11,223	11,984
Vote 03 - Chief Operating Officer		2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	4,791	34,817	37,277	39,596
Vote 04 - Corporate And Support Services		7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	6,280	87,364	99,958	106,491
Vote 05 - Budget And Treasury Office		32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	13,233	370,516	407,308	436,581
Vote 06 - Infrastructure And Technical Services		62,464	62,464	62,464	62,464	62,464	62,464	62,464	62,464	62,464	62,464	62,464	62,464	749,572	810,754	873,345
Vote 07 - Community Services		11,412	11,412	11,412	11,412	11,412	11,412	11,412	11,412	11,412	11,412	11,412	3,045	128,574	139,714	149,161
Vote 08 - Human Settlement		2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	164	29,584	34,461	37,130
Vote 09 - Economic Dev, tourism & Agric		1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212	79	13,412	12,705	13,564
Vote 10 - Public Safety		10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,687	122,331	134,331	146,029
Total Expenditure by Vote		134,392	134,392	134,392	134,392	134,392	134,392	134,392	134,392	134,392	134,392	134,392	104,534	1,582,851	1,726,869	1,855,369
Surplus/(Deficit) before assoc.		83,787	(2,031)	(2,031)	(2,031)	83,787	(2,031)	(2,031)	(2,031)	83,787	(2,031)	(2,031)	31,250	266,360	276,926	297,770
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	83,787	(2,031)	(2,031)	(2,031)	83,787	(2,031)	(2,031)	(2,031)	83,787	(2,031)	(2,031)	31,250	266,360	276,926	297,770

**Table 39 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

NW372 Madibeng - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	405,471	471,140	527,791
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Budget and treasury office		33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	33,789	405,471	471,140	527,791
Corporate services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	720	14,976	15,533	16,095
Community and social services		97	97	97	97	97	97	97	97	97	97	97	97	1,167	1,239	1,312
Sport and recreation		13	13	13	13	13	13	13	13	13	13	13	13	150	159	169
Public safety		899	899	899	899	899	899	899	899	899	899	899	323	10,216	10,477	10,742
Housing		287	287	287	287	287	287	287	287	287	287	287	287	3,443	3,656	3,872
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		85,070	–	–	–	85,070	–	–	–	85,070	–	–	–	255,211	274,393	293,717
Planning and development		85,070	–	–	–	85,070	–	–	–	85,070	–	–	–	255,211	274,393	293,717
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		98,847	98,847	98,847	98,847	98,847	98,847	98,847	98,847	98,847	98,847	98,847	83,993	1,171,308	1,241,986	1,314,750
Electricity		48,495	48,495	48,495	48,495	48,495	48,495	48,495	48,495	48,495	48,495	48,495	27,915	561,360	595,778	630,827
Water		25,944	25,944	25,944	25,944	25,944	25,944	25,944	25,944	25,944	25,944	25,944	22,983	308,364	326,844	345,959
Waste water management		13,023	13,023	13,023	13,023	13,023	13,023	13,023	13,023	13,023	13,023	13,023	18,385	161,640	171,156	181,120
Waste management		11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	11,385	14,710	139,945	148,208	156,843
<i>Other</i>		187	187	187	187	187	187	187	187	187	187	187	187	2,245	743	787
<b>Total Revenue - Standard</b>		219,190	134,119	134,119	134,119	219,190	134,119	134,119	134,119	219,190	134,119	134,119	118,689	1,849,211	2,003,795	2,153,139
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		46,480	46,480	46,480	46,480	46,480	46,480	46,480	46,480	46,480	46,480	46,480	28,095	539,377	594,904	636,141
Executive and council		6,629	6,629	6,629	6,629	6,629	6,629	6,629	6,629	6,629	6,629	6,629	8,581	81,498	87,638	93,068
Budget and treasury office		32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	32,480	13,233	370,516	407,308	436,581
Corporate services		7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	7,371	6,280	87,364	99,958	106,491
<i>Community and public safety</i>		17,947	17,947	17,947	17,947	17,947	17,947	17,947	17,947	17,947	17,947	17,947	17,585	214,998	237,516	256,501
Community and social services		3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	5,954	47,812	52,858	57,520
Sport and recreation		1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	15,863	16,856	17,982
Public safety		9,447	9,447	9,447	9,447	9,447	9,447	9,447	9,447	9,447	9,447	9,447	9,447	113,361	124,452	134,369
Housing		2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	164	29,584	34,461	37,130
Health		698	698	698	698	698	698	698	698	698	698	698	698	8,378	8,889	9,500
<i>Economic and environmental services</i>		3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	36,907	44,187	48,365
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	35,302	42,446	46,506
Environmental protection		134	134	134	134	134	134	134	134	134	134	134	134	1,604	1,741	1,860
<i>Trading services</i>		64,773	64,773	64,773	64,773	64,773	64,773	64,773	64,773	64,773	64,773	64,773	65,651	778,157	837,556	900,799
Electricity		37,982	37,982	37,982	37,982	37,982	37,982	37,982	37,982	37,982	37,982	37,982	37,982	455,781	485,578	513,833
Water		19,172	19,172	19,172	19,172	19,172	19,172	19,172	19,172	19,172	19,172	19,172	19,172	230,060	250,263	274,840
Waste water management		2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	2,296	3,173	28,429	32,467	38,167
Waste management		5,324	5,324	5,324	5,324	5,324	5,324	5,324	5,324	5,324	5,324	5,324	5,324	63,887	69,249	73,960
<i>Other</i>		1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	13,412	12,705	13,564
<b>Total Expenditure - Standard</b>		133,393	133,393	133,393	133,393	133,393	133,393	133,393	133,393	133,393	133,393	133,393	115,524	1,582,851	1,726,869	1,855,369
<b>Surplus/(Deficit) before assoc.</b>		85,796	726	726	726	85,796	726	726	726	85,796	726	726	3,165	266,360	276,926	297,770
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit)</b>	1	85,796	726	726	726	85,796	726	726	726	85,796	726	726	3,165	266,360	276,926	297,770



**Table 40 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

NW372 Madibeng - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 06 - Infrastructure And Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		20,643	20,643	20,643	20,643	20,643	20,643	20,643	20,643	20,643	20,643	20,643	20,643	247,711	234,593	276,355
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	11,500	5,362
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev ,tourism & Agric		-	-	-	-	-	-	-	-	-	-	-	-	-	7,000	12,000
Vote 10 - Public Safety		625	625	625	625	625	625	625	625	625	625	625	625	7,500	21,300	-
<b>Capital single-year expenditure sub-total</b>	2	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	255,211	274,393	293,717
<b>Total Capital Expenditure</b>	2	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	255,211	274,393	293,717

**Table 41 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

NW372 Madibeng - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		625	625	625	625	625	625	625	625	625	625	625	625	7,500	29,300	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	12,000	-
Public safety		625	625	625	625	625	625	625	625	625	625	625	625	7,500	17,300	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	121,519	67,393	81,355
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	10,127	121,519	67,393	81,355
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		10,516	10,516	10,516	10,516	10,516	10,516	10,516	10,516	10,516	10,516	10,516	10,516	126,192	170,700	200,362
Electricity		1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	13,304	21,000	25,000
Water		6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199	74,388	67,400	110,000
Waste water management		3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	38,500	78,800	60,000
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	3,500	5,362
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	7,000	12,000
<b>Total Capital Expenditure - Standard</b>	2	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	255,211	274,393	293,717
<b>Funded by:</b>																
National Government		21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	255,211	274,393	293,717
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	255,211	274,393	293,717
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>		21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	255,211	274,393	293,717

**Table 42 MBRR SA30 - Budgeted monthly cash flow**

NW372 Madibeng - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source														1		
Property rates	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	233,599	245,082	260,719
Property rates - penalties & collection charges														-		
Service charges - electricity revenue	30,651	30,651	30,651	30,651	30,651	30,651	30,651	30,651	30,651	30,651	30,651	30,651	30,651	367,806	390,610	413,656
Service charges - water revenue	9,820	9,820	9,820	9,820	9,820	9,820	9,820	9,820	9,820	9,820	9,820	9,820	9,820	117,840	125,146	132,529
Service charges - sanitation revenue	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	27,761	29,482	31,221
Service charges - refuse revenue	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	2,010	24,116	25,611	27,122
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	146	146	146	146	146	146	146	146	146	146	146	146	146	1,755	1,864	1,974
Interest earned - external investments	633	633	633	633	633	633	633	633	633	633	633	633	633	7,600	8,071	8,547
Interest earned - outstanding debtors	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000	74,340	78,726
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	44	44	44	44	44	44	44	44	44	44	44	44	44	530	563	596
Licences and permits	283	283	283	283	283	283	283	283	283	283	283	283	283	3,400	3,611	3,824
Agency services	500	500	500	500	500	500	500	500	500	500	500	500	500	6,000	6,000	6,000
Transfer receipts - operational	257,660	-	-	-	-	128,830	-	-	-	128,830	-	-	-	515,319	584,215	647,023
Other revenue	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	1,416	16,986	18,039	19,103
Cash Receipts by Source	330,776	73,116	73,116	73,116	73,116	201,946	73,116	73,116	73,116	201,946	73,116	73,116	73,116	1,392,711	1,512,633	1,631,041
Other Cash Flows by Source																
Transfer receipts - capital	85,070	-	-	-	-	85,070	-	-	-	85,070	-	-	-	255,211	274,393	293,717
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE																
Short term loans																
Borrowing long term/refinancing																
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	415,846	73,116	73,116	73,116	73,116	287,016	73,116	73,116	73,116	287,016	73,116	73,116	73,116	1,647,922	1,787,026	1,924,758
Cash Payments by Type																
Employee related costs	30,890	30,890	30,890	30,890	30,890	30,890	30,890	30,890	30,890	30,890	30,890	30,890	30,890	370,680	400,873	428,809
Remuneration of councillors	2,417	2,417	2,417	2,417	2,417	2,417	2,417	2,417	2,417	2,417	2,417	2,417	2,417	29,000	31,000	32,937
Finance charges	833	833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,580	11,194
Bulk purchases - Electricity	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	420,000	444,360	470,133
Bulk purchases - Water & Sewer	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	95,000	100,510	106,340
Other materials	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	6,745	80,943	97,672	115,529
Contracted services	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	12,188	146,250	166,639	176,500
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	9,801	117,608	129,029	138,966
Cash Payments by Type	105,790	105,790	105,790	105,790	105,790	105,790	105,790	105,790	105,790	105,790	105,790	105,790	105,790	1,269,481	1,380,663	1,480,407
Other Cash Flows/Payments by Type																
Capital assets	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	21,268	255,211	274,394	293,717
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000	60,000	75,000
Total Cash Payments by Type	131,224	131,224	131,224	131,224	131,224	131,224	131,224	131,224	131,224	131,224	131,224	131,224	131,224	1,574,692	1,715,057	1,849,124
NET INCREASE/(DECREASE) IN CASH HELD	284,622	(58,108)	(58,108)	(58,108)	155,792	(58,108)	(58,108)	(58,108)	155,792	(58,108)	(58,108)	(58,108)	(58,108)	73,230	71,970	75,634
Cash/cash equivalents at the month/year begin:	17,136	301,758	243,650	185,541	127,433	283,225	225,116	167,008	108,900	264,692	206,583	148,475	90,367	17,136	90,367	162,336
Cash/cash equivalents at the month/year end:	301,758	243,650	185,541	127,433	283,225	225,116	167,008	108,900	264,692	206,583	148,475	90,367	90,367	90,367	162,336	237,970

## **2.9 Annual budgets and SDBIPs – internal**

### **2.11 Contracts having future budgetary implications**

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

### **2.12 Capital expenditure details**

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 43 MBRR SA 34 - Capital expenditure on new assets by asset class**

NW372 Madibeng - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			212,037	159,838	181,548	256,871	286,779	286,779	232,711	170,593	219,717
Infrastructure - Road transport			74,500	61,832	87,235	133,460	136,940	136,940	109,519	58,393	74,355
Roads, Pavements & Bridges			74,500	61,832	87,235	133,460	136,940	136,940	109,519	58,393	74,355
Storm water											
Infrastructure - Electricity			7,600	9,329	12,000	24,000	22,000	22,000	13,304	21,000	25,000
Generation											
Transmission & Reticulation			7,600	9,329	12,000	22,000	21,000	21,000	12,304	21,000	25,000
Street Lighting			-	-	-	2,000	1,000	1,000	1,000	-	-
Infrastructure - Water			119,937	70,477	33,577	94,911	126,839	126,839	107,388	74,200	110,000
Dams & Reservoirs											
Water purification			119,937	70,477	33,577	92,411	106,811	106,811	103,388	46,800	30,000
Reticulation			-	-	-	2,500	20,028	20,028	4,000	27,400	80,000
Infrastructure - Sanitation			-	18,200	38,684	-	1,000	1,000	2,500	10,000	-
Reticulation			-	-	-	-	-	-	-	-	-
Sewerage purification			-	18,200	38,684	-	1,000	1,000	2,500	10,000	-
Infrastructure - Other			10,000	-	10,053	4,500	-	-	-	7,000	10,362
Waste Management			10,000	-	10,000	4,500	-	-	-	7,000	5,362
Transportation	2		-	-	-	-	-	-	-	-	-
Gas											
Other	3		-	-	53	-	-	-	-	-	5,000
Community			19,907	31,108	45,362	14,250	17,333	17,333	7,500	18,500	-
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls			1,003	12,847	19,114	-	1,280	1,280	-	-	-
Libraries			-	-	-	-	-	-	7,500	6,500	-
Recreational facilities			6,274	11,724	16,348	11,750	15,553	15,553	-	12,000	-
Fire, safety & emergency			-	-	-	500	500	500	-	-	-
Security and policing											
Buses	7		-	-	-	-	-	-	-	-	-
Clinics											
Museums & Art Galleries											
Cemeteries			12,629	6,480	9,900	2,000	-	-	-	-	-
Social rental housing	8										
Other			-	57	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other	9										
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other			-	-	-	-	-	-	-	-	-
Other assets			388	1,521	6,672	7,500	10,228	10,228	-	14,300	7,000
General vehicles			-	-	-	-	1,500	1,500	-	-	-
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment											
Computers - hardware/equipment			-	228	-	-	-	-	-	-	-
Furniture and other office equipment			388	395	5,334	6,000	6,000	6,000	-	-	-
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings			-	-	-	1,500	1,500	1,500	-	14,300	7,000
Other Land			-	-	-	-	1,228	1,228	-	-	-
Surplus Assets - (Investment or Inventory)											
Other			-	899	1,338	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Total Capital Expenditure on new assets	1		232,332	192,468	233,581	278,621	314,339	314,339	240,211	203,393	226,717

**Table 44 MBRR SA 34b - Capital expenditure on existing assets by asset class**

NW372 Madibeng - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure			-	-	-	13,840	4,800	4,800	15,000	71,000	67,000
Infrastructure - Road transport			-	-	-	8,840	4,800	4,800	12,000	9,000	7,000
Roads, Pavements & Bridges			-	-	-	8,840	4,800	4,800	12,000	9,000	7,000
Storm water											
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water			-	-	-	5,000	-	-	-	-	-
Dams & Reservoirs											
Water purification											
Reticulation			-	-	-	5,000	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	3,000	62,000	60,000
Reticulation			-	-	-	-	-	-	3,000	62,000	60,000
Sewerage purification											
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other	9										
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			-	-	-	-	-	-	-	-	-
General vehicles											
Specialised vehicles	10		-	-	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Total Capital Expenditure on renewal of existing	1		-	-	-	13,840	4,800	4,800	15,000	71,000	67,000

**Table 45 MBRR SA34c - Repairs and maintenance expenditure by asset class**

NW372 Madibeng - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		27,171	34,794	38,547	75,572	70,197	70,197	55,176	68,428	81,627
Infrastructure - Road transport		7,010	7,417	8,889	20,720	18,340	18,340	10,103	15,597	17,950
Roads, Pavements & Bridges		7,010	7,417	8,889	20,720	18,340	18,340	10,103	15,597	17,950
Storm water										
Infrastructure - Electricity		10,406	19,234	18,538	25,463	28,463	28,463	15,800	19,846	20,895
Generation										
Transmission & Reticulation		10,406	18,238	17,691	24,038	27,038	27,038	15,000	19,000	20,000
Street Lighting		-	997	847	1,425	1,425	1,425	800	846	895
Infrastructure - Water		7,354	5,426	8,808	23,814	18,593	18,593	23,011	24,359	30,772
Dams & Reservoirs		93	713	313	2,300	2,000	2,000	1,100	1,164	2,231
Water purification		556	-	-	-	-	-	-	-	-
Reticulation		6,705	4,712	8,495	21,514	16,593	16,593	21,911	23,195	28,541
Infrastructure - Sanitation		1,878	2,506	2,174	5,000	4,226	4,226	5,500	7,819	11,157
Reticulation		1,878	2,506	2,174	5,000	4,226	4,226	5,500	7,819	11,157
Sewerage purification										
Infrastructure - Other		522	211	139	575	575	575	762	807	853
Waste Management		522	211	139	575	575	575	762	807	853
<b>Community</b>		1,786	2,036	1,550	8,014	7,249	7,249	5,140	5,655	5,983
Parks & gardens		501	555	599	2,804	2,734	2,734	2,091	2,424	2,565
Sportsfields & stadia		383	440	-	-	-	-	-	-	-
Swimming pools		88	263	43	111	41	41	300	317	336
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency		150	117	63	276	101	101	216	230	244
Security and policing		82	72	-	542	542	542	500	529	560
Buses										
Clinics		30	-	-	-	-	-	-	-	-
Museums & Art Galleries										
Cemeteries		298	380	696	2,112	1,662	1,662	1,330	1,407	1,489
Social rental housing										
Other		254	208	148	2,168	2,168	2,168	703	747	790
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		2,232	6,402	40,308	20,051	14,645	14,645	11,607	12,295	13,008
General vehicles		20	2,045	2,579	7,992	6,247	6,247	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		1,291	2,032	528	6,528	4,758	4,758	4,161	4,404	4,659
Computers - hardware/equipment		-	-	623	2,248	248	248	5,000	5,290	5,597
Furniture and other office equipment		177	48	-	-	-	-	-	-	-
Other Buildings		-	0	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)										
Other		744	2,277	36,578	3,284	3,393	3,393	2,446	2,601	2,751
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
<b>Total Repairs and Maintenance Expenditure</b>	1	31,188	43,232	80,405	103,638	92,091	92,091	71,923	86,378	100,618

**Table 46 MBRR SA35 - Future financial implications of the capital budget**

NW372 Madibeng - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
<b>Capital expenditure</b>	1							
Vote 01 - Executive Council		-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		247,711	234,593	276,355	-	-	-	-
Vote 07 - Community Services		-	11,500	5,362	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-
Vote 09 - Economic Dev, tourism & Agric		-	7,000	12,000	-	-	-	-
Vote 10 - Public Safety		7,500	21,300	-	-	-	-	-
<b>Total Capital Expenditure</b>		<b>255,211</b>	<b>274,393</b>	<b>293,717</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 01 - Executive Council		36,712	39,137	41,488	-	-	-	-
Vote 02 - Municipal Manager		9,969	11,223	11,984	-	-	-	-
Vote 03 - Chief Operating Officer		34,817	37,277	39,596	-	-	-	-
Vote 04 - Corporate And Support Services		87,364	99,958	106,491	-	-	-	-
Vote 05 - Budget And Treasury Office		370,516	407,308	436,581	-	-	-	-
Vote 06 - Infrastructure And Technical Services		749,572	810,754	873,345	-	-	-	-
Vote 07 - Community Services		128,574	139,714	149,161	-	-	-	-
Vote 08 - Human Settlement		29,584	34,461	37,130	-	-	-	-
Vote 09 - Economic Dev, tourism & Agric		13,412	12,705	13,564	-	-	-	-
Vote 10 - Public Safety		122,331	134,331	146,029	-	-	-	-
<b>Total future operational costs</b>		<b>1,582,851</b>	<b>1,726,869</b>	<b>1,855,369</b>	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates		294,576	312,840	331,297				
Property rates - penalties & collection charges								
Service charges - electricity revenue		463,816	492,573	521,634				
Service charges - water revenue		148,600	157,813	167,124				
Service charges - sanitation revenue		35,007	37,177	39,371				
Service charges - refuse revenue		30,411	32,296	34,202				
Service charges - other		-	-	-				
Rental of facilities and equipment		1,755	1,864	1,974				
<b>Total future revenue</b>		<b>974,165</b>	<b>1,034,563</b>	<b>1,095,602</b>	-	-	-	-
<b>Net Financial Implications</b>		<b>863,897</b>	<b>966,699</b>	<b>1,053,484</b>	-	-	-	-



**Table 47 MBRR SA36 - Detailed capital budget per municipal vote**

NW372 Madibeng - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	IDP Goal code	Individually Approved (Yes/No)	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4		2	6	3		Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:													
List all capital projects grouped by Municipal Vote													
03 - Chief Operating Officer		Furniture And Other Office Equipment	A	No	Furniture And Other Office Equipment	-	-	30	-	-	-		New
04 - Corporate And Support Services		2802 Licensing: Drivers Licenses	B	Yes	Fire, Safety & Emergency	-	-	500	-	-	-		New
04 - Corporate And Support Services		Furniture And Other Office Equipment	B	No	Furniture And Other Office Equipment	-	-	6	-	-	-		New
04 - Corporate And Support Services		Furniture And Other Office Equipment	B	No	Furniture And Other Office Equipment	-	46	-	-	-	-		New
04 - Corporate And Support Services		Furniture And Other Office Equipment	B	Yes	Furniture And Other Office Equipment	-	1	37	-	-	-		New
04 - Corporate And Support Services		Other Buildings	B	Yes	Other Buildings	-	-	1,500	-	-	-		New
05 - Budget And Treasury Office		2300 Budget And Treasury Office	B	Yes	Furniture And Other Office Equipment	-	2,518	3,500	-	-	-		New
05 - Budget And Treasury Office		2300 Budget And Treasury Office	B	Yes	Other	30	-	-	-	-	-		New
05 - Budget And Treasury Office		Furniture And Other Office Equipment	B	No	Furniture And Other Office Equipment	-	-	2	-	-	-		New
05 - Budget And Treasury Office		Furniture And Other Office Equipment	B	No	Furniture And Other Office Equipment	-	-	45	-	-	-		New
05 - Budget And Treasury Office		Furniture And Other Office Equipment	B	Yes	Furniture And Other Office Equipment	-	-	429	-	-	-		New
05 - Budget And Treasury Office		Furniture And Other Office Equipment	B	No	Furniture And Other Office Equipment	-	-	369	-	-	-		New
06 - Infrastructure And Technical Services		2400 Infrastructure And Technical Services	A	Yes	Reticulation	-	-	20,028	-	-	-		New
06 - Infrastructure And Technical Services		2400 Infrastructure And Technical Services	A	Yes	Roads, Pavements & Bridges	-	-	89,810	-	-	-		New
06 - Infrastructure And Technical Services		2400 Infrastructure And Technical Services	A	Yes	Sewerage Purification	-	-	1,000	-	-	-		New
06 - Infrastructure And Technical Services		2404 Sewer Treatment Works	A	Yes	Reticulation	-	-	-	1,500	32,000	30,000	13,21,22	Renew
06 - Infrastructure And Technical Services		2404 Sewer Treatment Works	A	Yes	Reticulation	-	-	-	1,500	30,000	30,000	20	Renew
06 - Infrastructure And Technical Services		2404 Sewer Treatment Works	A	Yes	Sewerage Purification	-	-	-	2,500	10,000	-	1	New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Reticulation	-	-	-	1,500	10,000	-	1,2,25,26,27,29,34	New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Reticulation	-	-	-	-	2,400	45,000	2	New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Reticulation	2,500	-	-	2,500	15,000	35,000	3	New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Reticulation	4,000	-	-	-	-	-	34	New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Reticulation	-	-	-	-	-	-	7&28	Renew
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Water Purification	-	-	34,800	15,000	-	-		New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Water Purification	-	-	47,411	55,388	40,000	30,000	10,15,16	New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Water Purification	-	-	-	-	-	-	All Wards	New
06 - Infrastructure And Technical Services		2404 Water Distribution Network	A	Yes	Water Purification	-	-	24,600	33,000	6,800	-		New
06 - Infrastructure And Technical Services		2405 Electricity Networks And Substations	A	Yes	Street Lighting	-	-	1,000	1,000	-	-		New
06 - Infrastructure And Technical Services		2405 Electricity Networks And Substations	A	Yes	Transmission & Reticulation	-	2,632	-	-	-	-		New
06 - Infrastructure And Technical Services		2405 Electricity Networks And Substations	A	Yes	Transmission & Reticulation	-	-	19,500	12,304	12,000	15,000	31	New
06 - Infrastructure And Technical Services		2405 Electricity Networks And Substations	A	Yes	Transmission & Reticulation	-	-	-	9,000	10,000	10,000	All Wards	New
06 - Infrastructure And Technical Services		2405 Electricity Networks And Substations	A	Yes	Transmission & Reticulation	3,500	-	1,500	-	-	-	9	New
06 - Infrastructure And Technical Services		2405 Electricity Networks And Substations	A	Yes	Transmission & Reticulation	3,200	-	-	-	-	-		New
06 - Infrastructure And Technical Services		2406 Road Construction	A	Yes	Roads, Pavements & Bridges	-	(0)	47,130	109,519	58,393	67,355		New
06 - Infrastructure And Technical Services		2406 Road Construction	A	Yes	Roads, Pavements & Bridges	-	-	-	-	-	7,000	9,11,12,35	New
06 - Infrastructure And Technical Services		2406 Road Construction	A	Yes	Roads, Pavements & Bridges	-	-	-	-	-	-	9,11,12,35	New
06 - Infrastructure And Technical Services		2406 Road Construction	A	Yes	Roads, Pavements & Bridges	-	-	4,800	12,000	9,000	7,000		Renew
06 - Infrastructure And Technical Services		2500 Community Services	A	Yes	Other	-	1,338	-	-	-	-		New
06 - Infrastructure And Technical Services		Furniture And Other Office Equipment	A	Yes	Furniture And Other Office Equipment	-	-	30	-	-	-		New
07 - Community Services		2502 Waste Disposals Sites	A	Yes	Waste Management	-	-	-	-	3,500	-		New
07 - Community Services		2502 Waste Disposals Sites	A	Yes	Waste Management	-	-	-	-	-	5,362	33	New
07 - Community Services		2502 Waste Disposals Sites	A	Yes	Waste Management	-	-	-	-	-	-	33	New
07 - Community Services		2503 Sports And Recreation Facilities	B	Yes	Recreational Facilities	-	-	-	-	8,000	-	4,5,6	New
07 - Community Services		Furniture And Other Office Equipment	A	Yes	Furniture And Other Office Equipment	-	178	-	-	-	-		New
07 - Community Services		Furniture And Other Office Equipment	A	Yes	Furniture And Other Office Equipment	-	-	22	-	-	-		New
08 - Human Settlement		2604 Housing And Land Administration	A	Yes	Other Land	-	-	1,228	-	-	-		New
09 - Economic Dev, Tourism & Agric		2605 Trade And Market	A	Yes	Recreational Facilities	-	-	123	-	-	-		New
09 - Economic Dev, Tourism & Agric		2700 Economic Development And Planning	A	Yes	Other	-	-	-	-	-	5,000		New
09 - Economic Dev, Tourism & Agric		2700 Economic Development And Planning	A	Yes	Other	1,800	-	-	-	-	-		New
09 - Economic Dev, Tourism & Agric		2700 Economic Development And Planning	A	Yes	Other Buildings	-	-	-	-	7,000	7,000	9,11,12,35	New
09 - Economic Dev, Tourism & Agric		Furniture And Other Office Equipment	A	Yes	Furniture And Other Office Equipment	-	-	601	-	-	-		New
10 - Public Safety		2500 Community Services	A	Yes	Community Halls	-	-	1,280	-	-	-		New
10 - Public Safety		2500 Community Services	A	Yes	Recreational Facilities	-	-	580	-	-	-		New
10 - Public Safety		2500 Community Services	B	Yes	Recreational Facilities	-	(0)	-	-	4,000	-		New
10 - Public Safety		2500 Community Services	A	Yes	Recreational Facilities	-	-	7,050	-	-	-		New
10 - Public Safety		2502 Waste Disposals Sites	B	Yes	Waste Management	-	-	-	-	3,500	-		New
10 - Public Safety		2503 Cemeteries	A	Yes	Cemeteries	-	-	-	-	-	-		New
10 - Public Safety		2503 Libraries	A	Yes	Furniture And Other Office Equipment	-	-	900	-	-	-		New
10 - Public Safety		2503 Libraries	A	Yes	Libraries	-	-	-	7,500	6,500	-		New
10 - Public Safety		2503 Sports And Recreation Facilities	B	Yes	Recreational Facilities	-	0	7,800	-	-	-		New
10 - Public Safety		2503 Sports And Recreation Facilities	B	Yes	Recreational Facilities	-	-	-	-	-	-	4,5,6	New
10 - Public Safety		2802 Licensing: Drivers Licenses	B	Yes	Other	177	-	-	-	-	-		New
10 - Public Safety		2804 Disaster Management	B	Yes	Computers - Hardware/Equipment	1,500	-	-	-	-	-		New
10 - Public Safety		2804 Disaster Management	B	Yes	Other	-	53	-	-	-	-		New
10 - Public Safety		2804 Disaster Management	B	No	Other Buildings	-	-	-	-	-	-	27	New
10 - Public Safety		2804 Disaster Management	B	No	Other Buildings	-	-	-	-	7,300	-	27	New
10 - Public Safety		Furniture And Other Office Equipment	B	Yes	Furniture And Other Office Equipment	-	2,435	-	-	-	-		New
10 - Public Safety		Furniture And Other Office Equipment	A	Yes	Furniture And Other Office Equipment	-	-	154	-	-	-		New
10 - Public Safety		Furniture And Other Office Equipment	B	Yes	Furniture And Other Office Equipment	-	(7)	-	-	-	-		New
10 - Public Safety		Furniture And Other Office Equipment	A	Yes	Furniture And Other Office Equipment	-	-	28	-	-	-		New
10 - Public Safety		General Vehicles	B	Yes	General Vehicles	-	(0)	1,500	-	-	-		New
Parent Capital expenditure	1								255,211	274,393	293,717		

DESCRIPTION	WARDS	BUDGET 2016/17	BUDGET 2017/18	BUDGET 2018/19	Funding Source
<b>MIG</b>					
KLIPGAT EXTENTION WATER SUPPLY	24,8,36	10 000 000.00			MIG
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG/ WATER	10,15,16,	55 388 000.00	40 000 000.00	30 000 000.00	MIG
HEBRON TO MADIDI BULK WATER PIPELINE	3	2 500 000.00	15 000 000.00	35 000 000.00	MIG
WATER SUPPLY AUGMENTATION: BOREHOLES (CLUSTERS)	1,2,25,26,27,29,34	1 500 000.00	10 000 000.00		MIG
JERICHO WATER RETICULATION	2		2 400 000.00	45 000 000.00	MIG
SUNWAY VILLAGE BULK SEWERLINE	30		6 800 000.00		MIG
KLIPGAT SANITATION PROJECT	24,8,36	21 000 000.00			MIG
WARD 1 VIP TOILETS	1	2 500 000.00	10 000 000.00		MIG
RIETFontein WASTE WATER TREATMENT WORKS	30	8 000 000.00			MIG
UPGRADING OF MOTHOTLUNG OUTFALL SEWER	20	1 500 000.00	30 000 000.00	30 000 000.00	MIG
UPGRADING OF OUKASIE OUTFALL SEWER	13,21,22	1 500 000.00	32 000 000.00	30 000 000.00	MIG
HIGH MASS LIGHT ENEGERSING	15	1 000 000.00			MIG
MADIBENG HIGHMAST LIGHTS and STREET PHASE 2	1 to 36		9 000 000.00	10 000 000.00	MIG
FAFUNG TO RASAI ROAD	1	20 000 000.00			MIG
CLUSTER 1 INTERNAL ROADS	7	13 500 000.00			MIG
CLUSTER 2 INTERNAL ROADS	21	1 450 000.00			MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 3	15,16	11 000 000.00			MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 4	3,24	2 500 000.00			MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 5	9,11,12,35	12 669 000.00			MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 6	2	17 000 000.00			MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 7	4,5,6	2 900 000.00			MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 8	17,18,19	8 000 000.00			MIG
CLUSTER ROADS (ALL WARDS)	All wards		58 393 000.00	67 355 000.00	MIG
RANKOTEA ROAD	14	10 500 000.00			MIG
OUKSIE STORM WATER	13,21,22	17 000 000.00			MIG
UPGRADING OF THE MAIN BUS AND TAXI RANK (BRITS)	Jan-00	14 000 000.00			MIG
UPGRADING OF OUKASIE TAXI RANK	13,21,22		6 000 000.00		MIG
UPGRADING OF HEBRON TAXI RANK	16		3 000 000.00	7 000 000.00	MIG
DEVELOPMENT OF LETLHABILE TAXI RANK	9,11,12,35		-	7 000 000.00	MIG
MOOINOOI FIRE STATION	27		7 300 000.00		MIG
OUKASIE WASTE TRANSFER STATION	13,21,22		3 500 000.00		MIG
WARD 19 WASTE TRANSFER STATION(MMAKAU)	17,18,19		3 500 000.00		MIG
HARTEBEE'S LANDFILL SITE ( capping)	33			5 362 000.00	MIG
MMAKAU LIBRARY	17,18,19	7 000 000.00			MIG
KLIPGAT LIBRARY	8,24,36	500 000.00	6 500 000.00		MIG
KGABALATSANE SPORTS FACILITY	10		2 000 000.00		MIG
MABOLOKA SPORTS FACILITY	4,5,6		8 000 000.00		MIG
WARD 31 SPORTS FACILITY	31		2 000 000.00		MIG
LETLHABILE FLEA MARKET	9,11,12,35		7 000 000.00	7 000 000.00	MIG
DEVELOPMENT OF HAWKERS PAVILLION(VARIOUS TOWNSHIPS)	9,11,12,13,20,21,22,35			5 000 000.00	MIG
<b>GRAND TOTAL MIG</b>		<b>242 907 000.00</b>	<b>262 393 000.00</b>	<b>278 717 000.00</b>	
SUNWAY ELECTRICITY SUBSTATION	31	12 304 000.00	12 000 000.00	15 000 000.00	INEP
<b>TOTAL</b>		<b>255 211 000.00</b>	<b>274 393 000.00</b>	<b>293 717 000.00</b>	

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the first intake in 2008 two were employed permanently. Of the ten interns appointed in 2012, seven were employed permanently and three left. Five interns were appointed in 2015.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a final stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is available to all financial staff.

8. Policies

All financial related policies are reviewed on an annual basis or whenever the need arises and submitted with the budget for adoption by council.

## 2.14 Other supporting documents

### Table 48 MBRR Table SA1 - Supporting detail to budgeted financial performance

NW372 Madibeng - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Mw3/2 wadibeng - Supporting Table SAT Supporting detail to Budgeted Financial Performance											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		297,802	315,564	340,422	341,980	341,980	341,980	261,630	315,000	334,530	354,267
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		121,541	121,966	28,413	4,797	4,797	4,797	20,679	20,424	21,690	22,970
Net Property Rates		176,261	193,599	312,010	337,183	337,183	337,183	240,952	294,576	312,840	331,297
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		349,417	369,103	406,268	441,808	441,808	441,808	340,756	453,591	481,697	510,139
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		2,296	10,513	10,342	10,000	10,000	10,000		8,591	9,107	9,666
Net Service charges - electricity revenue		347,121	358,590	395,926	431,808	431,808	431,808	340,756	445,000	472,590	500,473
Service charges - water revenue	6										
Total Service charges - water revenue		79,855	88,967	117,770	134,244	134,244	134,244	122,513	151,302	160,716	170,234
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	8,091	510	600	600	600		3,802	4,071	4,347
Net Service charges - water revenue		79,855	80,876	117,260	133,644	133,644	133,644	122,513	147,500	156,645	165,887
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		21,064	22,990	30,715	26,233	26,233	26,233	28,958	36,417	38,687	40,982
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	3	12	20	20	20		1,417	1,517	1,619
Net Service charges - sanitation revenue		21,064	22,986	30,703	26,213	26,213	26,213	28,958	35,000	37,170	39,363
Service charges - refuse revenue	6										
Total refuse removal revenue		27,334	30,079	30,273	27,851	27,851	27,851	22,114	33,832	35,965	38,112
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	500	500	500		3,832	4,105	4,372
Net Service charges - refuse revenue		27,334	30,079	30,273	27,351	27,351	27,351	22,114	30,000	31,860	33,740
Other Revenue by source											
Departmental Services											
Other Revenue by source		36,467	16,254	15,194	27,472	27,472	27,472	11,686	37,320	39,634	41,972
Total 'Other' Revenue	1	36,467	16,254	15,194	27,472	27,472	27,472	11,686	37,320	39,634	41,972
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	151,106	165,475	180,644	206,356	194,706	194,706	162,739	228,493	248,448	265,867
Pension and UIF Contributions		32,264	36,843	40,557	44,875	42,365	42,365	35,250	46,149	49,472	52,885
Medical Aid Contributions		16,740	18,608	21,051	20,679	21,881	21,881	18,693	23,602	25,301	27,047
Overtime		27,416	27,639	31,843	22,702	33,983	33,983	31,313	15,135	16,225	17,344
Performance Bonus											
Motor Vehicle Allowance		14,896	16,087	17,687	19,476	19,459	19,459	16,131	22,643	24,273	25,948
Cellphone Allowance		279	314	280	480	414	414	233	509	546	583
Housing Allowances		1,193	1,079	1,195	1,338	1,682	1,682	1,380	1,841	1,974	2,110
Other benefits and allowances		12,180	14,012	16,111	16,943	19,291	19,291	13,835	21,179	22,704	24,270
Payments in lieu of leave		5,025	6,437	7,122	7,893	6,959	6,959	6,891	11,129	11,930	12,753
Long service awards											
Post-retirement benefit obligations	4	5,448	6,030	8,267	-	-	-	-	-	-	-
sub-total	5	266,546	292,524	324,757	340,739	340,739	340,739	286,465	370,680	400,873	428,809
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	266,546	292,524	324,757	340,739	340,739	340,739	286,465	370,680	400,873	428,809
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property , Plant & Equipment		-	-	-	-	-	-	-	-	-	-
Lease amortisation											
Capital asset impairment		395,301	602,560	732,548	82,430	82,430	82,430	-	87,370	97,598	106,809
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	395,301	602,560	732,548	82,430	82,430	82,430	-	87,370	97,598	106,809

**Table 48 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)**

NW372 Madibeng - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

W9/2 Mubung - Supporting table SA/ Supporting detail - Budgeted financial performance												
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand												
<b>Bulk purchases</b>												
Electricity Bulk Purchases	1	315,318	359,643	370,193	423,780	423,780	423,780	333,763	420,000	444,360	470,133	
Water Bulk Purchases		44,281	59,543	121,041	87,346	87,346	87,346	50,097	95,000	100,510	106,340	
<b>Total bulk purchases</b>		359,599	419,186	491,234	511,126	511,126	511,126	383,860	515,000	544,870	576,472	
<b>Transfers and grants</b>												
Cash transfers and grants	1	-	-	-	-	-	-	-	-	-	-	
Non-cash transfers and grants		2,120	5,392	13,323	33,459	36,471	36,471	21,211	25,000	28,450	29,200	
<b>Total transfers and grants</b>		2,120	5,392	13,323	33,459	36,471	36,471	21,211	25,000	28,450	29,200	
<b>Contracted services</b>												
Contractors: Meter Readings	1	1,335	1,413	1,288	800	2,300	2,300	1,656	2,500	2,645	2,798	
Contractors: Burials - Needy Persons		37	100	198	-	-	-	-	-	-	-	
Contractors: Disconnect Services		-	1,965	1,813	1,008	1,008	1,008	806	1,100	1,164	1,231	
Contractors: Security Project - Cameras		1,464	2,440	2,067	1,436	1,401	1,401	946	4,000	4,232	4,477	
Contractors: Security Services		14,401	16,653	23,717	12,593	12,557	12,557	32,467	26,600	30,000	32,000	
Contractors: Service Providers - Water Tankers		12,606	16,559	12,556	5,200	5,210	5,210	5,667	5,700	6,500	7,000	
Contractors: Service Providers - Magalies		2,159	6,616	9,576	7,100	7,100	7,100	10,088	5,000	5,290	5,597	
Contractors: Services Renderea		1,359	10,472	3,751	-	-	-	-	-	-	-	
Contractors: Forensic Audit		-	-	500	-	-	-	-	-	-	-	
Contractors: Commission Fees		8,740	7,305	19,601	10,419	2,919	2,919	4,314	9,000	10,580	11,194	
Contractors: Other Services		2,503	2,518	26,231	-	-	-	-	-	-	-	
Contractors: Formalisation Of Townships		-	-	-	-	-	-	-	3,500	4,890	5,597	
Contractors: Legal Services		-	-	-	-	-	-	-	9,500	11,174	12,358	
Contractors: Task Job Evaluation		-	-	-	-	-	-	-	2,000	3,068	3,246	
Contractors: Pms		-	-	-	-	-	-	-	1,500	1,587	1,679	
Contractors: Afs		-	-	-	-	-	-	-	5,000	5,290	5,597	
Contractors: Alcaia & Asset Man Plan		-	-	-	-	-	-	-	5,000	5,290	5,597	
Contractors: Office Machines & Equipment		-	-	-	-	-	-	-	8,000	8,464	8,955	
Contractors: Ict Systems Support		10,007	11,614	12,209	9,170	10,170	10,170	28,167	28,000	35,000	37,000	
Contractors: Services Provider-W/Removal		18,344	32,063	30,017	21,833	14,773	14,773	16,878	19,000	20,102	21,268	
Contractors: Services Provider-Valuation		-	7,830	5,959	2,636	560	560	627	4,500	4,645	3,798	
Contractors: Services Provider - Necsa		-	165	403	527	527	527	135	350	370	392	
Contractors: Sandspruit		9,211	13,158	4,084	1,042	369	369	-	6,000	6,348	6,716	
<b>sub-total</b>		1	82,165	130,871	153,969	73,763	58,893	58,893	101,752	146,250	166,639	176,500
<b>Allocations to organs of state:</b>												
Electricity												
Water												
Sanitation												
Other												
<b>Total contracted services</b>			82,165	130,871	153,969	73,763	58,893	58,893	101,752	146,250	166,639	176,500
<b>Other Expenditure By Type</b>												
Collection costs	3											
Contributions to 'other' provisions												
Consultant fees												
Audit fees		3,401	3,993	2,295	2,500	7,286	7,286	7,080	2,500	2,645	2,800	
General expenses		50,557	97,995	249,264	74,569	74,031	74,031	45,933	61,708	67,005	71,119	
Professional Expenses		-	-	12,084	8,464	15,854	15,854	18,327	-	-	-	
Transport Expense: Fuel		4,351	5,268	7,069	5,380	6,072	6,072	4,829	6,900	7,400	7,700	
Rental: Office Machines & Equip		3,023	12,747	6,793	5,600	7,100	7,100	13,925	-	-	-	
Grant: P.M.U Operations		2,446	-	-	-	-	-	-	6,000	6,000	6,000	
Insurance: General		2,346	3,790	5,011	5,130	5,795	5,795	5,792	7,000	8,000	9,000	
Telephone Rental & Calls		2,297	2,115	1,923	1,200	1,200	1,200	2,006	2,100	2,315	2,449	
Ward Committees: Training & Support		1,366	908	1,269	1,000	1,000	1,000	494	1,000	1,058	1,119	
Software/License Fees		3,566	1,444	2,190	1,370	1,370	1,370	1,312	2,500	2,645	2,798	
Subsistence & Travel: Personnel		2,333	2,430	2,094	2,030	2,388	2,388	1,408	2,350	2,556	2,716	
Statement: Printing & Posting		1,350	2,383	3,046	2,000	1,985	1,985	2,118	2,200	2,328	2,463	
Advertisements		923	1,005	933	1,027	1,157	1,157	630	1,050	1,111	1,175	
Rental: Vehicles		593	2,519	2,197	2,000	1,985	1,985	1,260	1,500	1,616	1,739	
Rental & Calls: Internet		877	1,142	1,035	700	700	700	786	1,000	1,087	1,179	
Mobile Chemical Toilets		1,831	795	1,250	1,000	3,000	3,000	2,540	2,000	2,116	2,239	
Subsistence & Travel: Councillors		1,040	942	911	600	580	580	538	600	635	672	
20% Incentive Scheme Discount		-	-	23,152	-	-	-	21,022	-	-	-	
Youth Programs		834	461	318	800	800	800	352	800	846	895	
Woman Program		559	546	384	400	400	400	206	400	423	448	
Food For Waste Program		1,518	5,398	7,391	3,794	8,294	8,294	8,615	7,000	8,464	8,955	
Chemicals: Industrial Purposes		6,287	8,160	11,203	10,050	10,850	10,850	7,324	9,000	10,780	13,500	
<b>Total 'Other' Expenditure</b>		1	91,496	154,041	341,810	129,615	151,848	151,848	146,494	117,608	129,029	138,966

**Table 49 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)****NW372 Madibeng - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)**

Description	Ref	Vote 01 - Executive Council	Vote 02 - Municipal Manager	Vote 03 - Chief Operating Officer	Vote 04 - Corporate And Support Services	Vote 05 - Budget And Treasury Office	Vote 06 - Infrastructure And Technical Services	Vote 07 - Community Services	Vote 08 - Human Settlement	Vote 09 - Economic Dev,tourism & Agric	Vote 10 - Public Safety	Total
<b>R thousand</b>	<b>1</b>											
<b>Revenue By Source</b>												
Property rates		-	-	-	-	294,576	-	-	-	-	-	294,576
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	463,816	-	-	-	-	463,816
Service charges - water revenue		-	-	-	-	-	148,600	-	-	-	-	148,600
Service charges - sanitation revenue		-	-	-	-	-	35,007	-	-	-	-	35,007
Service charges - refuse revenue		-	-	-	-	-	-	30,411	-	-	-	30,411
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	130	900	700	25	1,755
Interest earned - external investments		-	-	-	-	7,600	-	-	-	-	-	7,600
Interest earned - outstanding debtors		-	-	-	-	70,000	-	-	-	-	-	70,000
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	530	530
Licences and permits		-	-	-	-	-	-	-	-	-	3,400	3,400
Agency services		-	-	-	-	-	-	-	-	-	6,000	6,000
Other revenue		-	-	-	-	28,032	382,508	103,234	-	1,545	-	515,319
Transfers recognised - operational		-	-	-	-	5,263	1,432	7,462	2,543	-	286	16,986
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	-	<b>405,471</b>	<b>1,031,363</b>	<b>141,237</b>	<b>3,443</b>	<b>2,245</b>	<b>10,241</b>	<b>1,594,000</b>
<b>Expenditure By Type</b>												
Employee related costs		-	9,287	24,796	22,120	54,045	77,342	83,790	21,468	10,284	67,548	370,680
Remuneration of councillors		29,000	-	-	-	-	-	-	-	-	-	29,000
Debt impairment		-	-	-	-	201,000	-	-	-	-	-	201,000
Depreciation & asset impairment		56	-	81	399	43,639	36,475	3,475	-	535	2,710	87,370
Finance charges		-	-	-	-	10,000	-	-	-	-	-	10,000
Bulk purchases		-	-	-	-	-	515,000	-	-	-	-	515,000
Other materials		11	10	9	5,020	457	58,533	6,253	1,000	77	9,573	80,943
Contracted services		-	-	1,500	46,000	27,100	16,700	19,000	5,000	-	30,950	146,250
Transfers and grants		-	-	-	-	15,000	10,000	-	-	-	-	25,000
Other expenditure		7,645	672	8,431	13,825	19,275	35,522	16,056	2,116	2,516	11,550	117,608
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>36,712</b>	<b>9,969</b>	<b>34,817</b>	<b>87,364</b>	<b>370,516</b>	<b>749,572</b>	<b>128,574</b>	<b>29,584</b>	<b>13,412</b>	<b>122,331</b>	<b>1,582,851</b>
<b>Surplus/(Deficit)</b>		<b>(36,712)</b>	<b>(9,969)</b>	<b>(34,817)</b>	<b>(87,364)</b>	<b>34,955</b>	<b>281,791</b>	<b>12,663</b>	<b>(26,141)</b>	<b>(11,167)</b>	<b>(112,090)</b>	<b>11,149</b>
Transfers recognised - capital		-	-	-	-	-	247,711	-	-	-	7,500	255,211
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(36,712)</b>	<b>(9,969)</b>	<b>(34,817)</b>	<b>(87,364)</b>	<b>34,955</b>	<b>529,502</b>	<b>12,663</b>	<b>(26,141)</b>	<b>(11,167)</b>	<b>(104,590)</b>	<b>266,360</b>

**Table 50 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

NW372 Madibeng - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
<b>ASSETS</b>												
<b>Call investment deposits</b>												
Call deposits < 90 days			4,999	–	3,019	145,000	145,000	145,000	–	28,650	68,690	90,652
Other current investments > 90 days										27,592	28,310	58,348
<b>Total Call investment deposits</b>	2		4,999	–	3,019	145,000	145,000	145,000	–	56,242	97,000	149,000
<b>Consumer debtors</b>												
Consumer debtors			34,474	112,517	179,551	50,000	50,000	50,000	–	1,001,500	1,000,000	997,000
Less: Provision for debt impairment			–	–	–				–	(760,000)	(759,000)	(758,000)
<b>Total Consumer debtors</b>	2		34,474	112,517	179,551	50,000	50,000	50,000		241,500	241,000	239,000
<b>Debt impairment provision</b>												
Balance at the beginning of the year												
Contributions to the provision			–	–	–	(760,000)	(760,000)	(760,000)	–	–	–	–
Bad debts written off												
<b>Balance at end of year</b>			–	–	–	(760,000)	(760,000)	(760,000)	–	–	–	–
<b>Property, plant and equipment (PPE)</b>												
PPE at cost/valuation (excl. finance leases)	3		4,166,760	6,708,792	6,198,426	4,350,000	4,350,000	4,350,000	–	9,000,000	9,000,000	9,000,000
Leases recognised as PPE										2,100,000	1,790,000	1,830,000
Less: Accumulated depreciation												
<b>Total Property, plant and equipment (PPE)</b>	2		4,166,760	6,708,792	6,198,426	4,350,000	4,350,000	4,350,000	–	6,900,000	7,210,000	7,170,000
<b>LIABILITIES</b>												
<b>Current liabilities - Borrowing</b>												
Short term loans (other than bank overdraft)			–	–	1,926	–	–	–	–	–	–	–
Current portion of long-term liabilities			663	58	–	60	60	60	–	1,926	1,926	1,926
<b>Total Current liabilities - Borrowing</b>			663	58	1,926	60	60	60	–	1,926	1,926	1,926
<b>Trade and other payables</b>												
Trade and other creditors			246,563	293,992	441,592	165,000	165,000	165,000	–	166,000	155,000	144,000
Unspent conditional transfers			–	–	5,194	–	–	–	–	17,000	–	–
VAT			–	–	–	–	–	–	–	–	–	–
<b>Total Trade and other payables</b>	2		246,563	293,992	446,785	165,000	165,000	165,000	–	183,000	155,000	144,000
<b>Non current liabilities - Borrowing</b>												
Borrowing	4		718,848	683,345	772,450	550,000	550,000	550,000	–	555,000	564,000	573,000
Finance leases (including PPP asset element)			–	–	4,478	–	–	–	–	–	–	–
<b>Total Non current liabilities - Borrowing</b>			718,848	683,345	776,928	550,000	550,000	550,000	–	555,000	564,000	573,000
<b>Provisions - non-current</b>												
Retirement benefits			–	146,031	161,143	10,100	10,100	10,100	–	10,500	11,000	11,500
Provisions			–	–	–	–	–	–	–	–	–	–
Employee Benefit Obligation			–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation			9,656	–	–	91,500	91,500	91,500	–	91,900	91,900	91,900
Other			–	–	–	–	–	–	–	–	–	–
<b>Total Provisions - non-current</b>			9,656	146,031	161,143	101,600	101,600	101,600	–	102,400	102,900	103,400
<b>CHANGES IN NET ASSETS</b>												
<b>Accumulated Surplus/(Deficit)</b>												
Accumulated Surplus/(Deficit) - opening balance			4,213,569	6,689,125	6,158,435	3,979,245	3,952,567	3,952,567	–	6,217,548	6,608,824	6,625,136
GRAP adjustments												
Restated balance			4,213,569	6,689,125	6,158,435	3,979,245	3,952,567	3,952,567	–	6,217,548	6,608,824	6,625,136
Surplus/(Deficit)			(466,996)	(530,691)	(729,888)	292,618	319,296	319,296	158,917	266,360	276,926	297,770
Appropriations to Reserves												
Transfers from Reserves												
Depreciation offsets												
Other adjustments												
<b>Accumulated Surplus/(Deficit)</b>	1		3,746,573	6,158,435	5,428,547	4,271,863	4,271,863	4,271,863	158,917	6,483,908	6,885,750	6,922,906
<b>Reserves</b>												
Housing Development Fund												
Capital replacement												
Self-insurance												
Other reserves												
Revaluation												
<b>Total Reserves</b>	2		–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2		3,746,573	6,158,435	5,428,547	4,271,863	4,271,863	4,271,863	158,917	6,483,908	6,885,750	6,922,906



## 2.15 Municipal manager's quality certificate

I ....., acting municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal Manager of Madibeng Local Municipality (NW372)

Signature \_\_\_\_\_

Date \_\_\_\_\_